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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

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

For the transition period from _________ to _________

Commission File No. 001-34042

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

Bermuda (State or other jurisdiction of incorporation or organization)	98-0570192 (IRS Employer Identification No.)
131 Front Street, Hamilton, Bermuda (Address of principal executive offices)	HM12 (Zip Code)

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

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

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

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

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

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

As of November 4, 2013, the number of the Registrant's Common Stock ($.01 par value) outstanding was 72,613,048.

INDEX

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars, except share and per share data)

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
ASSETS		
Investments:		
Fixed maturities, available-for-sale, at fair value *(Amortized cost 2013: $2,620,107; 2012: $2,475,202)*	$ 2,674,305	$ 2,618,697
Other investments, at fair value *(Cost 2013: $4,500; 2012: $2,599)*	5,006	2,901
Total investments	2,679,311	2,621,598
Cash and cash equivalents	131,296	81,543
Restricted cash and cash equivalents	269,944	132,327
Accrued investment income	23,107	21,007
Reinsurance balances receivable, net (*includes $272,391 and $265,766 from related parties in 2013 and 2012, respectively*)	554,680	522,614
Funds withheld	45,492	42,712
Prepaid reinsurance premiums *(includes $360 and $743 from related parties in 2013 and 2012, respectively)*	49,515	38,725
Reinsurance recoverable on unpaid losses *(includes $9,132 and $9,387 from related parties in 2013 and 2012, respectively)*	97,334	110,858
Loan to related party	167,975	167,975
Deferred commission and other acquisition expenses *(includes $222,785 and $187,387 from related parties in 2013 and 2012, respectively)*	310,726	270,669
Goodwill and intangible assets, net	91,558	94,393
Other assets	28,734	33,742
Total assets	$ 4,449,672	$ 4,138,163
LIABILITIES		
Reserve for loss and loss adjustment expenses *(includes $825,096 and $610,810 from related parties in 2013 and 2012, respectively)*	$ 1,926,635	$ 1,740,281
Unearned premiums (*includes $742,204 and $612,903 from related parties in 2013 and 2012, respectively*)	1,089,218	936,497
Accrued expenses and other liabilities	126,002	111,957
Senior notes	207,500	207,500
Junior subordinated debt	126,364	126,317
Total liabilities	3,475,719	3,122,552
Commitments and Contingencies		
EQUITY		
Preference shares	150,000	150,000
Common shares *($0.01 par value; 73,575,384 and 73,306,283 shares issued in 2013 and 2012, respectively; 72,613,048 and 72,343,947 shares outstanding in 2013 and 2012, respectively)*	736	733
Additional paid-in capital	579,170	575,869
Accumulated other comprehensive income	48,619	141,130
Retained earnings	198,796	151,308
Treasury shares, at cost *(2013 and 2012: 962,336 shares)*	(3,801)	(3,801)
Total Maiden shareholders' equity	973,520	1,015,239
Noncontrolling interest in subsidiaries	433	372
Total equity	973,953	1,015,611
Total liabilities and equity	$ 4,449,672	$ 4,138,163

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands of U.S. dollars, except share and per share data)

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Revenues:				
Gross premiums written	$ 491,915	$ 478,515	$ 1,742,092	$ 1,536,955
Net premiums written	$ 463,418	$ 455,847	$ 1,650,426	$ 1,458,640
Change in unearned premiums	44,708	(6,874)	(140,585)	(134,055)
Net premiums earned	508,126	448,973	1,509,841	1,324,585
Other insurance revenue	3,271	2,622	11,266	9,650
Net investment income	23,253	21,550	65,977	60,072
Net realized gains on investment	477	2,410	3,707	836
Total revenues	535,127	475,555	1,590,791	1,395,143
Expenses:				
Net loss and loss adjustment expenses	341,629	309,146	1,019,871	897,498
Commission and other acquisition expenses	144,194	120,923	420,096	367,844
General and administrative expenses	13,251	13,578	44,163	42,617
Interest and amortization expenses	9,571	9,569	28,711	26,815
Amortization of intangible assets	945	1,090	2,835	3,271
Foreign exchange and other losses (gains)	23	(1,213)	(2,573)	(1,318)
Total expenses	509,613	453,093	1,513,103	1,336,727
Income before income taxes	25,514	22,462	77,688	58,416
Income taxes:				
Current tax expense	136	397	656	880
Deferred tax expense	345	131	561	618
Income tax expense	481	528	1,217	1,498
Net income	25,033	21,934	76,471	56,918
Less: Income attributable to noncontrolling interest	(36)	(15)	(95)	(81)
Net income attributable to Maiden shareholders	24,997	21,919	76,376	56,837
Dividends on preference shares	(3,093)	—	(9,281)	—
Net income attributable to Maiden common shareholders	$ 21,904	$ 21,919	$ 67,095	$ 56,837
Basic earnings per share attributable to Maiden common shareholders	$ 0.30	$ 0.30	$ 0.92	$ 0.79
Diluted earnings per share attributable to Maiden common shareholders	$ 0.30	$ 0.30	$ 0.91	$ 0.78
Dividends declared per common share	$ 0.09	$ 0.08	$ 0.27	$ 0.24

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Comprehensive income:				
Net income	$ 25,033	$ 21,934	$ 76,471	$ 56,918
Other comprehensive income (loss)				
Net unrealized holding gains (losses) on available-for-sale fixed maturities arising during the period (net of tax of $(10) and $23 for the three and nine months ended September 30, 2013 and $(44) and $(39) for the three and nine months ended September 30, 2012, respectively)	5,922	45,986	(85,415)	76,098
Adjustment for reclassification of net realized gains recognized in net income, net of tax	(576)	(2,410)	(3,657)	(2,429)
Foreign currency translation adjustment	(4,744)	(1,700)	(3,427)	(292)
Other comprehensive income (loss)	602	41,876	(92,499)	73,377
Comprehensive income (loss)	25,635	63,810	(16,028)	130,295
Net income attributable to noncontrolling interest	(36)	(15)	(95)	(81)
Other comprehensive (income) loss attributable to noncontrolling interest	(18)	7	(12)	5
Comprehensive income attributable to noncontrolling interest	(54)	(8)	(107)	(76)
Comprehensive income (loss) attributable to Maiden shareholders	$ 25,581	$ 63,802	$ (16,135)	$ 130,219

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(in thousands of U.S. dollars)

For the Nine Months Ended September 30,	2013	2012
Preference shares		
Beginning balance	$ 150,000	$ —
Issuance of preference shares - Series A	—	150,000
Preference shares - Series B subscribed but unissued	150,000	—
Subscription receivable	(150,000)	—
Ending balance	150,000	150,000
Common shares		
Beginning balance	733	732
Exercise of options and issuance of shares	3	—
Ending balance	736	732
Additional paid-in capital		
Beginning balance	575,869	579,004
Exercise of options and issuance of common shares	1,633	253
Issuance costs of preference shares	—	(4,959)
Share based compensation expense	1,668	995
Ending balance	579,170	575,293
Accumulated other comprehensive income		
Beginning balance	141,130	64,059
Change in net unrealized (losses) gains on investments, net	(89,072)	73,669
Foreign currency translation adjustments	(3,439)	(287)
Ending balance	48,619	137,441
Retained earnings		
Beginning balance	151,308	128,648
Net income attributable to Maiden shareholders	76,376	56,837
Dividends on preference shares	(9,281)	—
Dividends on common shares	(19,607)	(17,344)
Ending balance	198,796	168,141
Treasury shares		
Beginning balance	(3,801)	(3,801)
Ending balance	(3,801)	(3,801)
Noncontrolling interest in subsidiaries		
Beginning balance	372	338
Dividend paid to noncontrolling interest	(46)	(18)
Net income attributable to noncontrolling interest	95	81
Foreign currency translation adjustments	12	(5)
Ending balance	433	396
Total equity	$ 973,953	$ 1,028,202

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands of U.S. dollars)

For the Nine Months Ended September 30,	2013	2012
Cash flows from operating activities:		
Net income	$ 76,471	$ 56,918
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangibles	3,870	4,755
Net realized gains on investment	(3,707)	(836)
Foreign exchange and other gains	(2,573)	(1,318)
Amortization of share-based compensation expense, bond premium and discount and subordinated debt discount, net	11,641	6,493
Changes in assets – (increase) decrease:		
Reinsurance balances receivable, net	(28,459)	(26,003)
Funds withheld	(3,319)	883
Prepaid reinsurance premiums	(10,790)	(8,240)
Reinsurance recoverable on unpaid losses	13,522	(8,818)
Accrued investment income	(2,055)	(8,094)
Deferred commission and other acquisition expenses	(40,023)	(26,164)
Other assets	4,441	(9,551)
Changes in liabilities – increase (decrease):		
Reserve for loss and loss adjustment expenses	181,171	148,304
Unearned premiums	151,492	145,203
Accrued expenses and other liabilities	7,644	(5,385)
Net cash provided by operating activities	359,326	268,147
Cash flows from investing activities:		
Purchases of fixed maturities – available-for-sale	(725,921)	(1,013,988)
Purchases of fixed-maturity securities – trading and short sales	—	(102,073)
Purchases of other investments	(2,013)	(794)
Proceeds from sales of fixed maturities – available-for-sale	186,957	120,865
Proceeds from sales of fixed-maturity securities – trading and short sales	—	49,883
Proceeds from maturities and calls of fixed maturities	387,692	331,162
Proceeds from redemption of other investments	259	274
Increase in restricted cash and cash equivalents	(137,617)	(429)
Proceeds from sale of a business unit	1,281	—
Other, net	(290)	(307)
Net cash used in investing activities	(289,652)	(615,407)
Cash flows from financing activities:		
Senior notes issuance, net of issuance costs	—	96,594
Preference shares issuance, net of issuance costs	—	145,041
Common share issuance	1,636	254
Dividends paid to common shareholders	(13,063)	(17,339)
Dividends paid to preference shareholders	(9,281)	—
Net cash (used in) provided by financing activities	(20,708)	224,550
Effect of exchange rate changes on foreign currency cash	787	1,505
Net increase (decrease) in cash and cash equivalents	49,753	(121,205)
Cash and cash equivalents, beginning of period	81,543	188,082
Cash and cash equivalents, end of period	$ 131,296	$ 66,877

See accompanying notes to the unaudited condensed consolidated financial statements.

1. Basis of Presentation - Summary of Significant Accounting Policies

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

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

These unaudited condensed consolidated financial statements, including these notes, should be read in conjunction with the Company's audited consolidated financial statements, and related notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Certain reclassifications have been made for 2012 to conform to the 2013 presentation and have no impact on net income previously reported.

2. Recent Accounting Pronouncements

Recently Adopted Accounting Standards Updates

Comprehensive Income - Reporting of amounts reclassified out of Accumulated Other Comprehensive Income

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-02, which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The ASU expands the current disclosure guidance by requiring entities to present separately, for each component of other comprehensive income, current period reclassifications out of accumulated other comprehensive income and other amounts of current period other comprehensive income. Entities may present the disaggregation either on the face of the statement where net income is presented or in the notes to the financial statements. The new disclosure requirements are effective for fiscal years, and interim periods within those years, beginning after December 15, 2012. Early adoption of the guidance is permitted and shall be applied prospectively. The adoption of this guidance did not have any effect on the Company's results of operations, financial position or liquidity.

Balance Sheet Offsetting

In December 2011, the FASB issued new guidance requiring additional disclosures about financial instruments and derivative instruments that are either: (1) offset for balance sheet presentation purposes or (2) subject to an enforceable master netting arrangement or similar arrangement, regardless of whether they are offset for balance sheet presentation purposes. This guidance is effective at January 1, 2013, with retrospective presentation of the new disclosures required. As this new guidance is disclosure-related only and does not amend the existing balance sheet offsetting guidance, the adoption of this guidance did not have any effect on the Company's results of operations, financial position or liquidity.

Qualitative Impairment Test For Indefinite-Lived Intangibles

On July 27, 2012, the FASB issued final guidance adding an optional qualitative assessment for determining whether an indefinite-lived intangible asset is impaired. This ASU 2012-02 is similar to the goodwill guidance which allows companies to perform a qualitative assessment to test goodwill for impairment. This guidance gives companies the option to first perform a qualitative assessment to determine whether it is more likely than not (a likelihood of more than 50%) that an indefinite-lived intangible asset is impaired. If a company determines that it is more likely than not that the fair value of such asset exceeds its carrying amount, it would not need to calculate the fair value of the asset in that year. However, if a company concludes otherwise, it must calculate the fair value of the asset, compare that value with its carrying amount and record an impairment charge, if any. To perform a qualitative assessment, a company must identify and evaluate changes in economic, industry and company-specific events and circumstances that could affect the significant inputs used to determine the fair value of an indefinite-lived intangible asset. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this guidance did not have any effect on the Company's results of operations, financial position or liquidity.

2. Recent Accounting Pronouncements (continued)

Technical Corrections and Improvements

In October 2012, FASB issued ASU 2012-04, Technical Corrections and Improvements. The amendments in this ASU represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. Additionally, the amendments will make the Codification easier to understand and the fair value measurement guidance easier to apply by eliminating inconsistencies and providing needed clarifications. Transition guidance is provided for amendments the FASB believes could change practice. The amendments in this ASU that will not have transition guidance will be effective upon issuance for both public and nonpublic entities. For public entities, the amendments that are subject to the transition guidance will be effective for fiscal periods beginning after December 15, 2012. The adoption of this guidance did not have any effect on the Company's results of operations, financial position or liquidity.

Recently Issued Accounting Standards Updates Not Yet Adopted

Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity

In March 2013, FASB issued ASU 2013-05 with the objective of resolving the diversity about whether Accounting Standards Codification ("ASC") 810-10, *Consolidation - Overall*, or ASC 830-30, *Foreign Currency Matters - Translation of Financial Statements*, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity.

Under this guidance, when a reporting entity that is also the parent entity, ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity, the parent is required to apply the guidance in ASC 830-30 to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. Additionally, for an equity method investment that is a foreign entity, the partial sale guidance in ASC 830-30-40 continues to be applicable. As such, a pro rata portion of the cumulative translation adjustment should be released into net income upon a partial sale of such an equity method investment. However, this treatment does not apply to an equity method investment that is not a foreign entity. In those instances, the cumulative translation adjustment is released into net income only if the partial sale represents a complete or substantially complete liquidation of the foreign entity that contains the equity method investment.

Furthermore, the amendments in this ASU clarify that the sale of an investment in a foreign entity includes both: (1) events that result in the loss of a controlling financial interest in a foreign entity (that is, irrespective of any retained investment); and (2) events that result in an acquirer obtaining control of an acquiree in which it held an equity interest immediately before the acquisition date (sometimes also referred to as a step acquisition). Accordingly, the cumulative translation adjustment should be released into net income upon the occurrence of those events.

The amendments in this ASU are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The amendments should be applied prospectively to derecognition events occurring after the effective date. Prior periods should not be adjusted. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on our results of operations, financial condition or liquidity.

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists

On July 18, 2013, FASB issued ASU 2013-11 which provides guidance on the presentation of an unrecognized tax benefit when a net operating loss ("NOL") carry-forward, a similar tax loss, or a tax credit carry-forward exists. Under this ASU, an entity must present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a NOL carry-forward, similar tax loss, or a tax credit carry-forward. There are two exceptions to this form of presentation as follows:

- To the extent a NOL carry-forward, a similar tax loss, or a tax credit carry-forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position; and
- The entity does not intend to use the deferred tax asset for this purpose.

2. Recent Accounting Pronouncements (continued)

If either of these conditions exists, an entity should present an unrecognized benefit in the financial statements as a liability and should not net the unrecognizable tax benefit with a deferred tax asset.

The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on our results of operations, financial condition or liquidity.

3. Segments

The Company currently operates three business segments, Diversified Reinsurance, AmTrust Quota Share Reinsurance and the NGHC Quota Share (formerly known as ACAC Quota Share). The Company evaluates segment performance based on segment profit separately from the results of our investment portfolio. Other operating expenses allocated to the segments are called General and Administrative expenses which are allocated on an actual basis except salaries and benefits where management’s judgment is applied; the Company does not allocate general corporate expenses to the segments. In determining total assets by segment, the Company identifies those assets that are attributable to a particular segment such as reinsurance balances receivable, funds withheld, prepaid reinsurance premiums, reinsurance recoverable on unpaid losses, deferred commission and other acquisition expenses, loans, goodwill and intangible assets, and restricted cash and cash equivalents and investments. All remaining assets are allocated to Corporate.

Fee-generating business, which is included in the Diversified Reinsurance segment, is considered part of the underwriting operations of the Company.

To the extent that the fees are generated on underlying insurance contracts sold to third parties that are then ceded under quota share reinsurance contracts with Maiden Insurance Company Ltd. ("Maiden Bermuda"), a proportionate share of the fee is offset against the related acquisition expense. To the extent that fee business is not directly associated with premium revenue generated under the applicable reinsurance contracts, that fee revenue is separately reported on the line captioned “Other insurance revenue” in the Company's unaudited Condensed Consolidated Statements of Income.

The following tables summarize the underwriting results of our operating segments:

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

For the Three Months Ended September 30, 2013	Diversified Reinsurance	AmTrust Quota Share Reinsurance	NGHC Quota Share	Total
Net premiums written	$ 185,620	$ 259,633	$ 18,165	$ 463,418
Net premiums earned	$ 198,966	$ 243,408	$ 65,752	$ 508,126
Other insurance revenue	3,271	—	—	3,271
Net loss and loss adjustment expenses	(137,080)	(160,212)	(44,337)	(341,629)
Commission and other acquisition expenses	(51,657)	(71,869)	(20,668)	(144,194)
General and administrative expenses	(9,688)	(504)	(177)	(10,369)
Underwriting income	$ 3,812	$ 10,823	$ 570	$ 15,205
Reconciliation to net income attributable to Maiden common shareholders				
Net investment income and realized gains on investment				23,730
Amortization of intangible assets				(945)
Foreign exchange and other losses				(23)
Interest and amortization expenses				(9,571)
Other general and administrative expenses				(2,882)
Income tax expense				(481)
Income attributable to noncontrolling interest				(36)
Dividends on preference shares				(3,093)
Net income attributable to Maiden common shareholders				$ 21,904
Net loss and loss adjustment expense ratio*	67.8%	65.8%	67.4%	66.8%
Commission and other acquisition expense ratio**	25.5%	29.5%	31.4%	28.2%
General and administrative expense ratio***	4.8%	0.3%	0.3%	2.6%
Combined ratio****	98.1%	95.6%	99.1%	97.6%

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

For the Three Months Ended September 30, 2012	Diversified Reinsurance	AmTrust Quota Share Reinsurance	NGHC Quota Share	Total
Net premiums written	$ 193,943	$ 186,258	$ 75,646	$ 455,847
Net premiums earned	$ 200,020	$ 177,293	$ 71,660	$ 448,973
Other insurance revenue	2,622	—	—	2,622
Net loss and loss adjustment expenses	(141,625)	(120,942)	(46,579)	(309,146)
Commission and other acquisition expenses	(47,801)	(50,525)	(22,597)	(120,923)
General and administrative expenses	(9,256)	(535)	(199)	(9,990)
Underwriting income	$ 3,960	$ 5,291	$ 2,285	$ 11,536
Reconciliation to net income attributable to Maiden common shareholders				
Net investment income and realized gains on investment				23,960
Amortization of intangible assets				(1,090)
Foreign exchange gains				1,213
Interest and amortization expenses				(9,569)
Other general and administrative expenses				(3,588)
Income tax expense				(528)
Income attributable to noncontrolling interest				(15)
Net income attributable to Maiden common shareholders				$ 21,919
Net loss and loss adjustment expense ratio*	69.9%	68.2%	65.0%	68.5%
Commission and other acquisition expense ratio**	23.6%	28.5%	31.5%	26.8%
General and administrative expense ratio***	4.5%	0.3%	0.3%	2.9%
Combined ratio******	98.0%	97.0%	96.8%	98.2%

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

For the Nine Months Ended September 30, 2013	Diversified Reinsurance	AmTrust Quota Share Reinsurance	NGHC Quota Share	Total
Net premiums written	$ 588,164	$ 895,029	$ 167,233	$ 1,650,426
Net premiums earned	$ 573,551	$ 725,100	$ 211,190	$ 1,509,841
Other insurance revenue	11,266	—	—	11,266
Net loss and loss adjustment expenses	(398,680)	(478,782)	(142,409)	(1,019,871)
Commission and other acquisition expenses	(140,877)	(213,199)	(66,020)	(420,096)
General and administrative expenses	(31,639)	(1,498)	(530)	(33,667)
Underwriting income	$ 13,621	$ 31,621	$ 2,231	$ 47,473
Reconciliation to net income attributable to Maiden common shareholders				
Net investment income and realized gains on investment				69,684
Amortization of intangible assets				(2,835)
Foreign exchange and other gains				2,573
Interest and amortization expenses				(28,711)
Other general and administrative expenses				(10,496)
Income tax expense				(1,217)
Income attributable to noncontrolling interest				(95)
Dividends on preference shares				(9,281)
Net income attributable to Maiden common shareholders				$ 67,095
Net loss and loss adjustment expense ratio*	68.2%	66.0%	67.4%	67.0%
Commission and other acquisition expense ratio**	24.1%	29.4%	31.3%	27.6%
General and administrative expense ratio***	5.4%	0.2%	0.2%	3.0%
Combined ratio****	97.7%	95.6%	98.9%	97.6%

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

For the Nine Months Ended September 30, 2012	Diversified Reinsurance	AmTrust Quota Share Reinsurance	NGHC Quota Share	Total
Net premiums written	$ 626,220	$ 607,902	$ 224,518	$ 1,458,640
Net premiums earned	$ 603,613	$ 512,988	$ 207,984	$ 1,324,585
Other insurance revenue	9,650	—	—	9,650
Net loss and loss adjustment expenses	(412,437)	(350,553)	(134,508)	(897,498)
Commission and other acquisition expenses	(159,895)	(142,284)	(65,665)	(367,844)
General and administrative expenses	(31,849)	(1,444)	(566)	(33,859)
Underwriting income	$ 9,082	$ 18,707	$ 7,245	$ 35,034
Reconciliation to net income attributable to Maiden common shareholders				
Net investment income and realized gains on investment				60,908
Amortization of intangible assets				(3,271)
Foreign exchange gains				1,318
Interest and amortization expenses				(26,815)
Other general and administrative expenses				(8,758)
Income tax expense				(1,498)
Income attributable to noncontrolling interest				(81)
Net income attributable to Maiden common shareholders				$ 56,837
Net loss and loss adjustment expense ratio*	67.3%	68.3%	64.7%	67.3%
Commission and other acquisition expense ratio**	26.1%	27.7%	31.6%	27.6%
General and administrative expense ratio***	5.1%	0.4%	0.2%	3.1%
Combined ratio******	98.5%	96.4%	96.5%	98.0%

* Calculated by dividing net loss and loss adjustment expenses by the sum of net premiums earned and other insurance revenue.

** Calculated by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue.

*** Calculated by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue.

**** Calculated by adding together net loss and loss adjustment expense ratio, commission and other acquisition expense ratio and general and administrative expense ratio.

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

September 30, 2013	Diversified Reinsurance	AmTrust Quota Share Reinsurance	NGHC Quota Share	Total
Reinsurance balances receivable, net	$ 283,368	$ 210,447	$ 60,865	$ 554,680
Funds withheld	45,492	—	—	45,492
Prepaid reinsurance premiums	49,515	—	—	49,515
Reinsurance recoverable on unpaid losses	97,334	—	—	97,334
Deferred commission and other acquisition expenses	88,060	202,691	19,975	310,726
Loan to related party	—	167,975	—	167,975
Goodwill and intangible assets, net	91,558	—	—	91,558
Restricted cash and cash equivalents and investments	1,107,671	1,095,601	101,397	2,304,669
Other assets	8,164	—	—	8,164
Total assets - operating segments	1,771,162	1,676,714	182,237	3,630,113
Corporate assets	—	—	—	819,559
Total Assets	$ 1,771,162	$ 1,676,714	$ 182,237	$ 4,449,672

December 31, 2012	Diversified Reinsurance	AmTrust Quota Share Reinsurance	NGHC Quota Share	Total
Reinsurance balances receivable, net	$ 260,161	$ 170,983	$ 91,470	$ 522,614
Funds withheld	42,712	—	—	42,712
Prepaid reinsurance premiums	38,725	—	—	38,725
Reinsurance recoverable on unpaid losses	110,858	—	—	110,858
Deferred commission and other acquisition expenses	83,287	153,530	33,852	270,669
Loan to related party	—	167,975	—	167,975
Goodwill and intangible assets, net	94,393	—	—	94,393
Restricted cash and cash equivalents and investments	1,219,454	857,013	90,851	2,167,318
Other assets	5,864	—	—	5,864
Total assets - operating segments	1,855,454	1,349,501	216,173	3,421,128
Corporate assets	—	—	—	717,035
Total Assets	$ 1,855,454	$ 1,349,501	$ 216,173	$ 4,138,163

The following tables set forth financial information relating to net premiums written and earned by major line of business for the three and nine months ended September 30, 2013 and 2012:

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

	For the Three Months Ended September 30,			
	2013		2012	
Net premiums written	**Total**	**% of Total**	**Total**	**% of Total**
Diversified Reinsurance				
Property	$ 26,783	5.8%	$ 41,667	9.1%
Casualty	122,600	26.4%	114,655	25.2%
Accident and Health	9,040	2.0%	9,174	2.0%
International	27,197	5.9%	28,447	6.2%
Total Diversified Reinsurance	185,620	40.1%	193,943	42.5%
AmTrust Quota Share Reinsurance				
Small Commercial Business	136,725	29.5%	84,024	18.4%
Specialty Program	41,698	9.0%	14,931	3.3%
Specialty Risk and Extended Warranty	81,210	17.5%	87,303	19.2%
Total AmTrust Quota Share Reinsurance	259,633	56.0%	186,258	40.9%
NGHC Quota Share				
Automobile Liability	9,707	2.1%	39,019	8.6%
Automobile Physical Damage	8,458	1.8%	36,627	8.0%
Total NGHC Quota Share	18,165	3.9%	75,646	16.6%
	$ 463,418	100.0%	$ 455,847	100.0%

	For the Three Months Ended September 30,			
	2013		2012	
Net premiums earned	**Total**	**% of Total**	**Total**	**% of Total**
Diversified Reinsurance				
Property	$ 41,652	8.2%	$ 50,688	11.3%
Casualty	126,091	24.8%	119,572	26.6%
Accident and Health	8,994	1.8%	11,176	2.5%
International	22,229	4.4%	18,584	4.1%
Total Diversified Reinsurance	198,966	39.2%	200,020	44.5%
AmTrust Quota Share Reinsurance				
Small Commercial Business	130,472	25.7%	81,287	18.1%
Specialty Program	39,661	7.8%	9,828	2.2%
Specialty Risk and Extended Warranty	73,275	14.4%	86,178	19.2%
Total AmTrust Quota Share Reinsurance	243,408	47.9%	177,293	39.5%
NGHC Quota Share				
Automobile Liability	38,015	7.5%	38,374	8.6%
Automobile Physical Damage	27,737	5.4%	33,286	7.4%
Total NGHC Quota Share	65,752	12.9%	71,660	16.0%
	$ 508,126	100.0%	$ 448,973	100.0%

(in thousands of U.S. dollars, except share and per share data)

3. Segments (continued)

	For the Nine Months Ended September 30,			
	2013		2012	
Net premiums written	Total	% of Total	Total	% of Total
Diversified Reinsurance				
Property	$ 112,861	6.8%	$ 157,628	10.8%
Casualty	359,816	21.8%	349,356	24.0%
Accident and Health	31,649	1.9%	34,484	2.3%
International	83,838	5.1%	84,752	5.8%
Total Diversified Reinsurance	588,164	35.6%	626,220	42.9%
AmTrust Quota Share Reinsurance				
Small Commercial Business	434,951	26.4%	256,198	17.6%
Specialty Program	115,313	7.0%	63,877	4.4%
Specialty Risk and Extended Warranty	344,765	20.9%	287,827	19.7%
Total AmTrust Quota Share Reinsurance	895,029	54.3%	607,902	41.7%
NGHC Quota Share				
Automobile Liability	95,631	5.8%	118,288	8.1%
Automobile Physical Damage	71,602	4.3%	106,230	7.3%
Total NGHC Quota Share	167,233	10.1%	224,518	15.4%
	$ 1,650,426	100.0%	$ 1,458,640	100.0%

	For the Nine Months Ended September 30,			
	2013		2012	
Net premiums earned	Total	% of Total	Total	% of Total
Diversified Reinsurance				
Property	$ 116,970	7.7%	$ 164,739	12.4%
Casualty	359,988	23.8%	334,559	25.3%
Accident and Health	27,356	1.8%	32,547	2.5%
International	69,237	4.6%	71,768	5.4%
Total Diversified Reinsurance	573,551	37.9%	603,613	45.6%
AmTrust Quota Share Reinsurance				
Small Commercial Business	350,295	23.2%	218,086	16.4%
Specialty Program	105,122	7.0%	60,414	4.6%
Specialty Risk and Extended Warranty	269,683	17.9%	234,488	17.7%
Total AmTrust Quota Share Reinsurance	725,100	48.1%	512,988	38.7%
NGHC Quota Share				
Automobile Liability	122,118	8.1%	113,168	8.5%
Automobile Physical Damage	89,072	5.9%	94,816	7.2%
Total NGHC Quota Share	211,190	14.0%	207,984	15.7%
	$ 1,509,841	100.0%	$ 1,324,585	100.0%

(in thousands of U.S. dollars, except share and per share data)

4. Investments

(a) Fixed Maturities and Other Investments

The original or amortized cost, estimated fair value and gross unrealized gains and losses of available-for-sale fixed maturities and other investments as of September 30, 2013 and December 31, 2012 are as follows:

September 30, 2013	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale fixed maturities:				
U.S. treasury bonds	$ 16,629	$ 745	$ —	$ 17,374
U.S. agency bonds – mortgage-backed	1,138,860	16,083	(24,230)	1,130,713
U.S. agency bonds – other	7,205	1,093	—	8,298
Non-U.S. government bonds	64,992	2,734	(444)	67,282
Other mortgage-backed bonds	22,624	97	(59)	22,662
Corporate bonds	1,324,209	81,247	(23,810)	1,381,646
Municipal bonds	45,588	743	(1)	46,330
Total available-for-sale fixed maturities	2,620,107	102,742	(48,544)	2,674,305
Other investments	4,500	506	—	5,006
Total investments	$ 2,624,607	$ 103,248	$ (48,544)	$ 2,679,311

December 31, 2012	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale fixed maturities:				
U.S. treasury bonds	$ 42,671	$ 1,260	$ —	$ 43,931
U.S. agency bonds – mortgage-backed	962,649	30,998	(1,473)	992,174
U.S. agency bonds – other	11,682	1,407	—	13,089
Non-U.S. government bonds	55,169	2,264	—	57,433
Other mortgage-backed bonds	23,167	901	—	24,068
Corporate bonds	1,247,260	113,386	(6,492)	1,354,154
Municipal bonds	132,604	1,244	—	133,848
Total available-for-sale fixed maturities	2,475,202	151,460	(7,965)	2,618,697
Other investments	2,599	353	(51)	2,901
Total investments	$ 2,477,801	$ 151,813	$ (8,016)	$ 2,621,598

The contractual maturities of our fixed maturities, available-for-sale as of September 30, 2013 are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations prior to contractual maturity.

(in thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

September 30, 2013		Amortized cost		Fair value	% of Total fair value
Maturity					
Due in one year or less	$	95,601	$	97,385	3.7%
Due after one year through five years		398,953		428,246	16.0%
Due after five years through ten years		888,970		917,690	34.3%
Due after ten years		75,099		77,609	2.9%
		1,458,623		1,520,930	56.9%
U.S. agency bonds – mortgage-backed		1,138,860		1,130,713	42.3%
Other mortgage-backed bonds		22,624		22,662	0.8%
Total	$	2,620,107	$	2,674,305	100.0%

The following tables summarize our available-for-sale fixed maturities and other investments in an unrealized loss position and the aggregate fair value and gross unrealized loss by length of time the securities have continuously been in an unrealized loss position:

	Less than 12 Months		12 Months or more		Total	
September 30, 2013	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale fixed maturities						
U.S. agency bonds – mortgage-backed	$ 601,779	$ (23,199)	$ 39,548	$ (1,031)	$ 641,327	$ (24,230)
Non–U.S. government bonds	10,234	(444)	—	—	10,234	(444)
Other mortgage-backed bonds	13,152	(59)	—	—	13,152	(59)
Corporate bonds	354,698	(21,689)	123,226	(2,121)	477,924	(23,810)
Municipal bonds	2,500	(1)	—	—	2,500	(1)
Total temporarily impaired available-for-sale fixed maturities	$ 982,363	$ (45,392)	$ 162,774	$ (3,152)	$ 1,145,137	$ (48,544)

As of September 30, 2013, there were approximately 109 securities in an unrealized loss position with a fair value of $1,145,137 and unrealized losses of $48,544. Of these securities, there are 11 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $162,774 and unrealized losses of $3,152.

	Less than 12 Months		12 Months or more		Total	
December 31, 2012	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale fixed maturities						
U.S. agency bonds – mortgage-backed	$ 158,591	$ (1,473)	$ —	$ —	$ 158,591	$ (1,473)
Corporate bonds	94,742	(1,098)	141,842	(5,394)	236,584	(6,492)
	253,333	(2,571)	141,842	(5,394)	395,175	(7,965)
Other investments	—	—	2,011	(51)	2,011	(51)
Total temporarily impaired available-for-sale fixed maturities and other investments	$ 253,333	$ (2,571)	$ 143,853	$ (5,445)	$ 397,186	$ (8,016)

(in thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

As of December 31, 2012, there were approximately 32 securities in an unrealized loss position with a fair value of $397,186 and unrealized losses of $8,016. Of these securities, there are 9 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $143,853 and unrealized losses of $5,445.

Other-Than-Temporary Impairments ("OTTI")

We review our investment portfolio for impairment on a quarterly basis. Impairment of investments results in a charge to operations when a fair value decline below cost is deemed to be other-than-temporary. As of September 30, 2013, we reviewed our portfolio to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of investments. During the three and nine months ended September 30, 2013 and 2012, the Company recognized no OTTI. Based on our qualitative and quantitative OTTI review of each asset class within our fixed maturity portfolio, the unrealized losses on fixed maturities at September 30, 2013 were primarily due to widening of credit spreads since their date of purchase. Because we do not intend to sell these securities and it is not more likely than not that we will be required to sell these securities until a recovery of fair value to amortized cost, we currently believe it is probable that we will collect all amounts due according to their respective contractual terms. Therefore, we do not consider these fixed maturities to be other-than-temporarily impaired at September 30, 2013.

The following summarizes the credit ratings of our fixed maturities:

Rating* as of September 30, 2013	Amortized cost	Fair value	% of Total fair value
U.S. treasury bonds	$ 16,629	$ 17,374	0.7%
U.S. agency bonds	1,146,065	1,139,011	42.6%
AAA	153,544	165,945	6.2%
AA+, AA, AA-	114,209	121,167	4.5%
A+, A, A-	487,189	517,408	19.3%
BBB+, BBB, BBB-	646,396	658,567	24.6%
BB+ or lower	56,075	54,833	2.1%
Total	$ 2,620,107	$ 2,674,305	100.0%

Rating* as of December 31, 2012	Amortized cost	Fair value	% of Total fair value
U.S. treasury bonds	$ 42,671	$ 43,931	1.7%
U.S. agency bonds	974,331	1,005,263	38.4%
AAA	171,136	183,950	7.0%
AA+, AA, AA-	186,495	196,797	7.5%
A+, A, A-	477,236	515,383	19.7%
BBB+, BBB, BBB-	587,858	637,089	24.3%
BB+ or lower	35,475	36,284	1.4%
Total	$ 2,475,202	$ 2,618,697	100.0%

*Ratings as assigned by Standard & Poor’s ("S&P")

(in thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

(b) Other Investments

The table below shows our portfolio of other investments:

	September 30, 2013		December 31, 2012	
Investments in limited partnerships	$ 4,006	80.0%	$ 2,901	100.0%
Other	1,000	20.0%	—	—%
Total other investments	$ 5,006	100.0%	$ 2,901	100.0%

The Company has an unfunded commitment on its investments in limited partnerships of approximately $1,994 as of September 30, 2013.

(c) Realized Gains (Losses) on Investment

Realized gains or losses on the sale of investments are determined on the basis of the first in first out cost method. The following provides an analysis of realized gains (losses) on investment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30, 2013	Gross gains	Gross losses	Net
Available-for-sale fixed maturities	$ 448	$ —	$ 448
Other investments	29	—	29
Net realized gains on investment	$ 477	$ —	$ 477

For the Three Months Ended September 30, 2012	Gross gains	Gross losses	Net
Available-for-sale fixed maturities	$ 2,374	$ —	$ 2,374
Other investments	36	—	36
Net realized gains on investment	$ 2,410	$ —	$ 2,410

For the Nine Months Ended September 30, 2013	Gross gains	Gross losses	Net
Available-for-sale fixed maturities	$ 3,560	$ —	$ 3,560
Other investments	200	(53)	147
Net realized gains on investment	$ 3,760	$ (53)	$ 3,707

For the Nine Months Ended September 30, 2012	Gross gains	Gross losses	Net
Available-for-sale fixed maturities	$ 2,374	$ —	$ 2,374
Trading securities and short sales	—	(1,593)	(1,593)
Other investments	56	(1)	55
Net realized gains on investment	$ 2,430	$ (1,594)	$ 836

Proceeds from sales of fixed maturities classified as available-for-sale were $186,957 and $120,865 for the nine months ended September 30, 2013 and 2012, respectively.

(in thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

Net unrealized gains on available-for-sale fixed maturities and other investments was as follows:

	September 30, 2013	December 31, 2012
Available-for-sale fixed maturities	$ 54,198	$ 143,495
Other investments	506	302
Total net unrealized gains	54,704	143,797
Deferred income tax expense	(111)	(132)
Net unrealized gains, net of deferred income tax	$ 54,593	$ 143,665
Change in net unrealized gains, net of deferred income tax	$ (89,072)	$ 79,928

(d) Restricted Cash and Cash Equivalents and Investments

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

	September 30, 2013	December 31, 2012
Restricted cash and cash equivalents – third party agreements	$ 92,783	$ 97,695
Restricted cash and cash equivalents – related party agreements	176,596	33,882
Restricted cash and cash equivalents – U.S. state regulatory authorities	565	750
Total restricted cash and cash equivalents	269,944	132,327
Restricted investments – in trust for third party agreements at fair value (*Amortized cost: 2013 – $977,880; 2012 – $1,048,827*)	997,105	1,101,971
Restricted investments – in trust for related party agreements at fair value (*Amortized cost: 2013 – $996,096; 2012 – $851,873*)	1,024,446	919,557
Restricted investments – in trust for U.S. state regulatory authorities (*Amortized cost: 2013 – $12,733; 2012 – $12,744*)	13,174	13,463
Total restricted investments	2,034,725	2,034,991
Total restricted cash and cash equivalents and investments	$ 2,304,669	$ 2,167,318

5. Fair Value of Financial Instruments

(a) Fair Values of Financial Instruments

FASB ASC Topic 820, *"Fair Value Measurements and Disclosures"* ("ASC 820") defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between open market participants at the measurement date. Additionally, ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- *Level 1* — Valuations based on unadjusted quoted market prices for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples of assets and liabilities utilizing Level 1 inputs include: exchange-traded equity securities, U.S. Treasury securities, and listed derivatives that are actively traded;

5. Fair Value of Financial Instruments (continued)

- *Level 2* — Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data. Examples of assets and liabilities utilizing Level 2 inputs include: listed derivatives that are not actively traded; U.S. government-sponsored agency securities; non-U.S. government obligations; corporate and municipal bonds; mortgage-backed securities (“MBS”) and asset-backed securities (“ABS”); short-duration high yield fund, and over-the-counter (“OTC”) derivatives (e.g. foreign currency options and forward contracts); and

- *Level 3* — Valuations based on models where significant inputs are not observable. The unobservable inputs reflect our own assumptions about assumptions that market participants would use. Examples of assets and liabilities utilizing Level 3 inputs include: insurance and reinsurance derivative contracts; hedge and credit funds with partial transparency; and collateralized loan obligation (“CLO”) — equity tranche securities that are traded in less liquid markets.

The availability of observable inputs can vary from financial instrument to financial instrument and is affected by a wide variety of factors, including, for example, the type of financial instrument, whether the financial instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. We use prices and inputs that are current as of the measurement date. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified between levels.

For investments that have quoted market prices in active markets, the Company uses the quoted market prices as fair value and includes these prices in the amounts disclosed in the Level 1 hierarchy. The Company receives the quoted market prices from a third party, a nationally recognized pricing service provider (“pricing service”). When quoted market prices are unavailable, the Company utilizes a pricing service to determine an estimate of fair value. The fair value estimates are included in the Level 2 hierarchy. The Company will challenge any prices for its investments which are considered not to be representation of fair value. If quoted market prices and an estimate from a pricing service are unavailable, the Company produces an estimate of fair value based on dealer quotations for recent activity in positions with the same or similar characteristics to that being valued or through consensus pricing of a pricing service. The Company determines whether the fair value estimate is in the Level 2 or Level 3 hierarchy depending on the level of observable inputs available when estimating the fair value. The Company bases its estimates of fair values for assets on the bid price as it represents what a third party market participant would be willing to pay in an orderly transaction.

In accordance with ASC 820, the Company determines fair value of the financial instrument based on the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 825, *“Disclosure About Fair Value of Financial Instruments"*, requires all entities to disclose the fair value of their financial instruments, both assets and liabilities recognized and not recognized in the balance sheet, for which it is practicable to estimate fair value.

The following describes the valuation techniques used by the Company to determine the fair value of financial instruments held as of September 30, 2013.

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

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

5. Fair Value of Financial Instruments (continued)

Other mortgage-backed securities — Other mortgage-backed bonds consist of a commercial mortgage-backed security ("CMBS"). This security is priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available trade information, prepayment speeds, yield curves and credit spreads to the valuation. As the significant inputs used to price the CMBS are observable market inputs, the fair value of the CMBS is included in the Level 2 fair value hierarchy.

Corporate bonds — Comprised of bonds issued by corporations that on acquisition are rated BBB-/Baa3 or higher. These securities are generally priced by pricing services. The fair values of corporate bonds that are short-term are priced, by the pricing services, using the spread above the London Interbank Offering Rate ("LIBOR") yield curve and the fair value of corporate bonds that are long-term are priced using the spread above the risk-free yield curve. The spreads are sourced from broker/dealers, trade prices and the new issue market. Where pricing is unavailable from pricing services, we obtain non-binding quotes from broker-dealers. As the significant inputs used to price corporate bonds are observable market inputs, the fair values of corporate bonds are included in the Level 2 fair value hierarchy.

Municipal bonds — Comprised of bonds and auction rate securities issued by U.S. state and municipality entities or agencies. The fair values of municipal bonds are generally priced by pricing services. The pricing services typically use spreads obtained from broker-dealers, trade prices and the new issue market. As the significant inputs used to price the municipal bonds are observable market inputs, municipals are classified within Level 2. Municipal auction rate securities are reported in the Condensed Consolidated Balance Sheets at cost which approximates their fair value.

Other investments — The fair values of the investments in limited partnerships are determined by the fund manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals, and as such, the fair values are included in the Level 3 fair value hierarchy.

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

Loan to related party — The carrying value reported in the accompanying balance sheets for this financial instrument approximates its fair value. The underlying investments of the loan are generally priced by pricing services. As the significant inputs used to price the underlying investments are observable market inputs, the fair value of the loan to related party is included in the Level 2 fair value hierarchy.

Senior notes — The amount reported in the accompanying balance sheets for these financial instruments represents the carrying value of the notes. The fair values are based on quoted prices of identical instruments in inactive markets and as such, are included in the Level 2 hierarchy.

Junior subordinated debt — The amount reported in the accompanying balance sheets for this financial instrument represents the carrying value of the debt. The fair value of the debt was derived using the Black-Derman-Toy model. As the fair value of the junior subordinated debt is determined using observable market inputs in the Black-Derman-Toy model, the fair value is included in the Level 2 fair value hierarchy.

(b) Fair Value Hierarchy

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

At September 30, 2013 and December 31, 2012, we classified our financial instruments measured at fair value on a recurring basis in the following valuation hierarchy:

(in thousands of U.S. dollars, except share and per share data)

5. Fair Value of Financial Instruments (continued)

September 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Fixed maturities				
U.S. treasury bonds	$ 17,374	$ —	$ —	$ 17,374
U.S. agency bonds – mortgage-backed	—	1,130,713	—	1,130,713
U.S. agency bonds – other	—	8,298	—	8,298
Non-U.S. government bonds	—	67,282	—	67,282
Other mortgage-backed bonds	—	22,662	—	22,662
Corporate bonds	—	1,381,646	—	1,381,646
Municipal bonds	—	46,330	—	46,330
Other investments	—	—	5,006	5,006
Total	$ 17,374	$ 2,656,931	$ 5,006	$ 2,679,311
As a percentage of total assets	0.4%	59.7%	0.1%	60.2%

December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Fixed maturities				
U.S. treasury bonds	$ 43,931	$ —	$ —	$ 43,931
U.S. agency bonds – mortgage-backed	—	992,174	—	992,174
U.S. agency bonds – other	—	13,089	—	13,089
Non-U.S. government bonds	—	57,433	—	57,433
Other mortgage-backed bonds	—	24,068	—	24,068
Corporate bonds	—	1,354,154	—	1,354,154
Municipal bonds	—	133,848	—	133,848
Other investments	—	—	2,901	2,901
Total	$ 43,931	$ 2,574,766	$ 2,901	$ 2,621,598
As a percentage of total assets	1.1%	62.2%	0.1%	63.4%

The Company utilized a pricing service to estimate fair value measurements for approximately 99.1% of its fixed maturities. The pricing service utilizes market quotations for fixed maturity securities that have quoted market prices in active markets. Since fixed maturities other than U.S. treasury securities generally do not trade on a daily basis, the pricing service prepares estimates of fair value measurements using relevant market data, benchmark curves, sector groupings and matrix pricing and these have been classified as Level 2.

There have not been any transfers between Level 1 and Level 2, or Level 2 and Level 3, respectively, during the periods represented by these consolidated financial statements.

Other investments: The Company has $5,006 or approximately 0.2% of its investment portfolio in limited partnerships and other investments where the fair value estimate of the investments in limited partnerships is determined by the fund manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals. Due to the significant unobservable inputs in these valuations, the Company includes the estimate in the amount disclosed as Level 3. The Company has determined that its investments in Level 3 securities are not material to its financial position or results of operations.

(in thousands of U.S. dollars, except share and per share data)

5. Fair Value of Financial Instruments (continued)

(c) Level 3 Financial Instruments

The following table presents changes in Level 3 for our financial instruments measured at fair value on a recurring basis for the three and nine months ended September 30, 2013 and 2012:

	For the Three Months Ended	
Other investments:	**September 30, 2013**	**September 30, 2012**
Balance at beginning of period	$ 4,438	$ 2,697
Net realized gains – included in net income	29	36
Net realized losses – included in net income	—	—
Change in net unrealized gains – included in other comprehensive income	155	7
Change in net unrealized losses – included in other comprehensive income	—	—
Purchases	475	200
Sales and redemptions	(91)	(114)
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Balance at end of period	$ 5,006	$ 2,826
Level 3 gains (losses) included in net income attributable to the change in unrealized gains (losses) relating to assets held at the reporting date	$ —	$ —

	For the Nine Months Ended	
Other investments:	**September 30, 2013**	**September 30, 2012**
Balance at beginning of period	$ 2,901	$ 2,192
Net realized gains – included in net income	147	55
Net realized losses – included in net income	—	—
Change in net unrealized gains – included in other comprehensive income	204	59
Change in net unrealized losses – included in other comprehensive income	—	—
Purchases	2,013	794
Sales and redemptions	(259)	(274)
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Balance at end of period	$ 5,006	$ 2,826
Level 3 gains (losses) included in net income attributable to the change in unrealized gains (losses) relating to assets held at the reporting date	$ —	$ —

(in thousands of U.S. dollars, except share and per share data)

5. Fair Value of Financial Instruments (continued)

(d) Fair Value of Liabilities

The following table presents the carrying values and fair values of the Senior Notes and Junior Subordinated debt as of September 30, 2013 and December 31, 2012:

		September 30, 2013		December 31, 2012	
	Interest Rate	Carrying Value	Fair Value	Carrying Value	Fair Value
2011 Senior Notes	8.25%	$ 107,500	$ 110,252	$ 107,500	$ 112,832
2012 Senior Notes	8.00%	100,000	101,760	100,000	105,600
Junior Subordinated Debt	14.00%	126,364	156,506	126,317	166,919

6. Goodwill and Intangible Assets

Goodwill

Goodwill is calculated as the excess of purchase price over the net fair value of assets acquired. The Company performs an annual impairment analysis to identify potential goodwill impairment and measures the amount of a goodwill impairment loss to be recognized. This annual test is performed during the fourth quarter of each year or more frequently if events or circumstances change in a way that requires the Company to perform the impairment analysis on an interim basis. Goodwill impairment testing requires an evaluation of the estimated fair value of each reporting unit to its carrying value, including the goodwill. An impairment charge is recorded if the estimated fair value is less than the carrying amount of the reporting unit. No impairments have been identified to date.

Intangible Assets

Intangible assets consist of finite and indefinite life assets. Finite life intangible assets include customer and producer relationships and trademarks. Insurance company licenses are considered indefinite life intangible assets subject to annual impairment testing.

The following table shows an analysis of goodwill and intangible assets as of September 30, 2013 and December 31, 2012:

September 30, 2013	Gross	Accumulated Amortization	Net	Useful Life
Goodwill	$ 58,312	$ —	$ 58,312	Indefinite
State licenses	7,727	—	7,727	Indefinite
Customer relationships	51,400	(25,881)	25,519	15 years double declining
Net balance	$ 117,439	$ (25,881)	$ 91,558	

December 31, 2012	Gross	Accumulated Amortization	Net	Useful Life
Goodwill	$ 58,312	$ —	$ 58,312	Indefinite
State licenses	7,727	—	7,727	Indefinite
Customer relationships	51,400	(23,046)	28,354	15 years double declining
Net balance	$ 117,439	$ (23,046)	$ 94,393	

(in thousands of U.S. dollars, except share and per share data)

6. Goodwill and Intangible Assets (continued)

The goodwill and intangible assets were recognized as a result of the acquisitions and are subject to annual impairment testing. No impairment was recorded during the three and nine months ended September 30, 2013 and 2012. The estimated amortization expenses for the next five years are:

2013 (remainder of the year)	$	946
2014		3,276
2015		2,840
2016		2,461
2017		2,133

7. Long-Term Debt

Senior Notes

In June 2011, the Company, through its wholly owned subsidiary Maiden Holdings North America, Ltd. ("Maiden NA"), issued $107,500 principal amount of 8.25% Senior Notes ("2011 Senior Notes") due on June 15, 2041, which are fully and unconditionally guaranteed by the Company. The 2011 Senior Notes are redeemable for cash, in whole or in part, on or after June 15, 2016, at 100% of the principal amount plus accrued and unpaid interest up to but excluding the redemption date. The 2011 Senior Notes are an unsecured and unsubordinated obligation of the Company and rank ahead of the Junior Subordinated Debt, described below. The effective interest rate of the 2011 Senior Notes, based on the net proceeds received, was 8.47%. The net proceeds from the sale of the 2011 Senior Notes were $104,689, after placement agent fees and expense or debt issuance cost of $2,811.

The issuance costs related to the 2011 Senior Notes were capitalized and is being amortized over the life of the notes. Amortization expense for the three and nine months ended September 30, 2013 was $24 and $70, respectively (September 30, 2012 - $24 and $70, respectively).

The interest on the 2011 Senior Notes is payable each quarter beginning on September 15, 2011. Interest expense for the three and nine months ended September 30, 2013 was $2,217 and $6,651, respectively (September 30, 2012 - $2,217 and $6,651, respectively), out of which $394 was accrued as of September 30, 2013 (December 31, 2012 - $394).

In March 2012, the Company, through Maiden NA, issued $100,000 principal amount of 8.00% Senior Notes ("2012 Senior Notes") due on March 27, 2042, which are fully and unconditionally guaranteed by the Company. The 2012 Senior Notes are redeemable for cash, in whole or in part, on or after March 27, 2017, at 100% of the principal amount to be redeemed plus accrued and unpaid interest up to but excluding the redemption date. The 2012 Senior Notes are an unsecured and unsubordinated obligation of the Company and rank ahead of the Junior Subordinated Debt, described below. The effective interest rate of the 2012 Senior Notes, based on the net proceeds received, was 8.28%. The net proceeds from the sale of the 2012 Senior Notes were $96,594, after placement agent fees and other expenses of $3,406. The issuance costs related to the 2012 Senior Notes were capitalized and are being amortized over the life of the notes. Amortization expense for the three and nine months ended September 30, 2013 was $29 and $85, respectively (September 30, 2012 - $29 and $58, respectively).

The interest on the 2012 Senior Notes is payable each quarter beginning on June 27, 2012. Interest expense for the three and nine months ended September 30, 2013 was $2,000 and $6,000, respectively (September 30, 2012 - $2,000 and $4,111, respectively), out of which $111 was accrued as of September 30, 2013 (December 31, 2012 - $111).

Junior Subordinated Debt

On January 20, 2009, the Company completed a private placement of 260,000 units (the "Units"), each Unit consisting of $1,000 principal amount of capital securities (the "Trust Preferred Securities") of Maiden Capital Financing Trust (the "Trust"), a special purpose trust established by Maiden NA, and 45 common shares, $0.01 par value, of the Company for a purchase price of $1,000.45 per Unit (the "TRUPS Offering"). In the aggregate, 11,700,000 common shares were issued to the purchasers in the TRUPS Offering. This resulted in gross proceeds to the Company of $260,117, before $4,342 of placement agent fees and expenses.

Certain trusts established by Michael Karfunkel and George Karfunkel, two of the Company's Founding Shareholders, purchased an aggregate of 159,000 of the Units, or 61.12%. The remaining 101,000 Units were purchased by existing institutional shareholders of the Company.

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

7. Long-Term Debt (continued)

Under the terms of the Trust Preferred Securities, the Company can repay the principal balance in full or in part at any time. However, if the Company repays such principal within five years of the date of issuance, it is required to pay an additional amount equal to one full year of interest on the amount of Trust Preferred Securities repaid. If the remaining amount of the Trust Preferred Securities were repaid within five years of the date of issuance (adjusted for the $107,500 repurchase of Junior Subordinated Debt, which occurred on July 15, 2011), the additional amount due would be $21,350, which would be a reduction in earnings.

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

As a consequence of the issuance of a majority of the Units to a related party under ASC Topic 810 "Consolidation", the Trust is a variable interest entity; however, the Company is not deemed to be the primary beneficiary of the Trust, therefore it is not consolidated. The issuance of common shares associated with the Trust Preferred Securities resulted in an original issuance discount of $44,928 based on market price of $3.85 on January 20, 2009. The discount is amortized over 30 years based on the effective interest method. The Junior Subordinated Debt and Trust Preferred Securities mature in 2039 and carry a stated or coupon rate of 14%, with an effective interest rate of 16.95%.

Using the proceeds from the 2011 Senior Notes offering and existing cash, the Company repurchased $107,500 of the Junior Subordinated Debt on July 15, 2011. Pursuant to the terms of the TRUPS Offering, the Company incurred and paid a repurchase expense in 2011 equivalent to one year's interest expense, or $15,050. The Company also accelerated the amortization of the issuance cost and discount related to those repurchased Junior Subordinated Debt in 2011 which amounted to $20,313.

As of September 30, 2013, the stated value of the Junior Subordinated Debt was $126,364 which comprises the principal amount of $152,500 less the unamortized discount of $26,136. Amortization expense for the three and nine months ended September 30, 2013 were $16 and $47, respectively (September 30, 2012 - $14 and $40, respectively). Interest expense for the three and nine months ended September 30, 2013 were $5,338 and $16,013, respectively (September 30, 2012 - $5,338 and $16,013, respectively), out of which $4,448 was accrued as of September 30, 2013 (December 31, 2012 - $4,448).

8. Related Party Transactions

The Founding Shareholders of the Company are Michael Karfunkel, George Karfunkel and Barry Zyskind. Michael Karfunkel is the non-executive chairman of the board of AmTrust Financial Services, Inc. ("AmTrust"), George Karfunkel is a director of AmTrust, and Barry Zyskind is the president, chief executive officer and director of AmTrust. The Founding Shareholders, including Leah Karfunkel (wife of Michael Karfunkel), own or control approximately 58% of the outstanding shares of AmTrust. In addition, on June 5, 2013, AmTrust converted its 53,054 shares of Series A Preferred Stock of National General Holdings Corp. ("NGHC") (formerly known as American Capital Acquisition Corporation, or ACAC) into 42,958 shares of NGHC common stock, par value $0.01 per share, which became 12,295,430 shares of common stock after NGHC effected a 286.22:1 stock split on June 6, 2013. On June 6, 2013, NGHC issued 21,850,000 shares of common stock in a 144A offering, which resulted in AmTrust owning 15.4% of the issued and outstanding shares of NGHC common stock, Michael Karfunkel owning 15.8% of the outstanding shares of NGHC common stock and the Michael Karfunkel 2005 Grantor Retained Annuity Trust (which is controlled by Leah Karfunkel) owning 41.4% of the outstanding shares of NGHC common stock ("Annuity Trust"). Michael Karfunkel is the chairman and chief executive officer of NGHC, and Barry Zyskind is a director of NGHC.

AmTrust

The following describes transactions between the Company and AmTrust.

AmTrust Quota Share Reinsurance Agreement

Effective July 1, 2007, the Company and AmTrust entered into a master agreement, as amended (the "Master Agreement"), by which they caused Maiden Bermuda, a wholly owned subsidiary of the Company, and AmTrust's Bermuda reinsurance subsidiary, AmTrust International Insurance, Ltd. ("AII"), to enter into a quota share reinsurance agreement (the "Reinsurance Agreement") by which (a) AII retrocedes to Maiden Bermuda an amount equal to 40% of the premium written by subsidiaries of AmTrust, net of the cost of unaffiliated inuring reinsurance (and in the case of AmTrust's U.K. insurance subsidiary, AmTrust Europe, Limited, net of commissions) and 40% of losses and (b) AII transferred to Maiden Bermuda 40% of the AmTrust subsidiaries' unearned premiums, effective July 1, 2007, with respect to the current lines of business, excluding risks for which the AmTrust subsidiaries' net retention exceeds $5,000 ("Covered Business"). Effective January 1, 2010, the Company agreed to assume its proportionate share of AmTrust's workers' compensation exposure and shared the benefit of the 2010 excess reinsurance protection. AmTrust also has agreed to cause AII, subject to regulatory requirements, to reinsure any insurance company which writes Covered Business in which AmTrust acquires a majority interest to the extent required to enable AII to cede to Maiden Bermuda 40% of the premiums and losses related to such Covered Business. The Master Agreement further provided that AII receives a ceding commission of 31% of ceded written premiums.

8. Related Party Transactions (continued)

On June 11, 2008, Maiden Bermuda and AII amended the Reinsurance Agreement to add Retail Commercial Package Business to the Covered Business as a consequence of AmTrust's acquisition of Unitrin Business Insurance ("UBI"). Under the amendment, AmTrust's subsidiaries ceded, upon collection, to Maiden Bermuda 100% of $82.2 million of unearned premium (net of inuring reinsurance) from the acquisition of UBI's in-force book of business. Additionally, AmTrust cedes to Maiden Bermuda 40% of net premiums written, effective as of June 1, 2008. Maiden Bermuda will pay to AmTrust a ceding commission of 34.375% on the unearned premium cession and the Retail Commercial Package Business. The $2,000 maximum liability for a single loss provided in the Reinsurance Agreement shall not be applicable to Retail Commercial Package Business.

On February 9, 2009, Maiden Bermuda and AII amended the Reinsurance Agreement to clarify that (i) AII would offer Maiden Bermuda the opportunity to reinsure Excess Retention Business, which is defined as a policy issued by an AmTrust insurance subsidiary with respect to which the insurance subsidiary's retention is greater than $5,000 and (ii) the deduction for the cost of inuring reinsurance from Affiliate Subject Premium (as defined in the Reinsurance Agreement) retroceded to Maiden Bermuda is net of ceding commission.

Effective April 1, 2011, Maiden Bermuda and AII amended the Master Agreement to reduce the commission on all business ceded except Retail Commercial Package Business to 30% until December, 31, 2011. Thereafter the rate increased to 31% subject to an adjustment of 1% to 30% if the proportion of Specialty Risk and Extended Warranty premium ceded is greater than or equal to 42% of the Covered Business (excluding Retail Commercial Package Business). If the proportion of Specialty Risk and Extended Warranty premium ceded is greater than or equal to 38% but less than 42% of the Covered Business (excluding Retail Commercial Package Business), the commission rate shall be reduced by 0.5% to 30.5%. In addition, the collateral requirements were restated to clarify that balances relating to all AmTrust subsidiaries are subject to collateral requirements, and the Reinsurance Agreement was extended by one year through June 30, 2014.

Effective March 7, 2013, Maiden Bermuda and AII amended the Reinsurance Agreement extending the term of the agreement to July 1, 2016, and shall automatically renew for successive three-year periods thereafter. If AII or Maiden Bermuda elects to so terminate the Reinsurance Agreement, it shall give written notice to the other party hereto not less than nine months prior to either July 1, 2016 or the expiration of any successive three-year period. 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. The amendment further provides that, effective January 1, 2013, AII will receive a ceding commission of 31% of ceded written premiums with respect to all Covered Business other than retail commercial package business, for which the ceding commission will remain 34.375%. Lastly, with regard to the Specialty Program portion of Covered Business only, excluding workers' compensation business included in AmTrust's Specialty Program segment from July 1, 2007 through December 31, 2012, AII will be responsible for ultimate net loss otherwise recoverable from Maiden Bermuda to the extent that the loss ratio to Maiden Bermuda, which shall be determined on an inception to date basis from July 1, 2007 through the date of calculation, is between 81.5% and 95%. Above and below the defined corridor, Maiden Bermuda will continue to reinsure losses at its proportional 40% share per the Reinsurance Agreement.

The Company recorded approximately $67,429 and $199,841 of ceding commission expense for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $46,969 and $132,098, respectively) as a result of this transaction.

AmTrust European Hospital Liability Quota Share Agreement ("European Hospital Liability Quota Share")

Effective April 1, 2011, Maiden Bermuda, entered into a quota share reinsurance contract with AmTrust Europe Limited and AmTrust International Underwriters Limited, both wholly owned subsidiaries of AmTrust. Pursuant to the terms of the contract, Maiden Bermuda assumed 40% of the premiums and losses related to policies classified as European Hospital Liability, including associated liability coverages and policies covering physician defense costs, written or renewed on or after April 1, 2011. The contract also covers policies written or renewed on or before March 31, 2011, but only with respect to losses that occur, accrue or arise on or after April 1, 2011. The maximum limit of liability attaching shall be €5,000 or currency equivalent (on a 100% basis) per original claim for any one original policy. Maiden Bermuda will pay a ceding commission of 5% and shall allow the reinsured a profit share on original net premiums ceded under the contract. The profit sharing is based upon the reinsured exceeding defined underwriting performance of each contract year, commencing two years after the beginning of each contract year. To the extent that the underwriting performance is exceeded, will will share 50% of the excess amounts computed. The agreement has an initial term of one year, has been automatically renewed for one year and can be terminated at any April 1 by either party on four months notice.

Effective January 1, 2012, European Hospital Liability Quota Share was amended, thereby increasing the maximum liability attaching to €10,000 or currency equivalent (on a 100% basis) per original claim for any one original policy. Furthermore, amendments were also made to the contract to expand the territorial scope to include new territories, specifically France.

For the three and nine months ended September 30, 2013, the Company recorded approximately $1,398 and $4,294, respectively (September 30, 2012 - $1,340 and $3,774, respectively) of commission expense as a result of this transaction.

8. Related Party Transactions (continued)

Other Reinsurance Agreements

Effective January 1, 2008, Maiden Bermuda and AmTrust entered into an agreement to reinsure a 45% participation in the $9,000 in excess of $1,000 layer of AmTrust's workers' compensation excess of loss program. This layer provides reinsurance to AmTrust for losses per occurrence in excess of $1,000 up to $10,000, subject to an annual aggregate deductible of $1,250. This participation was sourced through a reinsurance intermediary via open market placement in which competitive bids were solicited by an independent broker. The remaining 55% participation was placed with a single carrier. This coverage expired on January 1, 2010; as a result, under the Reinsurance Agreement, Maiden Bermuda therefore now reinsures 40% of the subject workers' compensation business up to $10,000, subject to certain additional inuring reinsurance protection that AmTrust has purchased.

Effective September 1, 2010, our indirect wholly owned subsidiary, Maiden Specialty Insurance Company ("Maiden Specialty"), entered into a quota share reinsurance agreement with Technology Insurance Company, Inc. ("Technology"), a subsidiary of AmTrust. Under the agreement, Maiden Specialty will cede (a) 90% of its gross liability written under the Open Lending Program ("OPL") and (b) 100% of its surplus lines general liability business under the Naxos Avondale Specialty Casualty Program ("NAXS"). Maiden Specialty's involvement is limited to certain states where Technology is not fully licensed. The agreement also provides that Maiden Specialty receives a ceding commission of 5% of ceded written premiums. The reinsurance agreement had a term of three years and remained continuously in force until terminated in accordance with the contract. The OPL program was terminated on December 31, 2011 on a run-off basis and the NAXS program terminated on October 31, 2012. Maiden Specialty recorded approximately $160 and $849 of premiums earned ceded and $25 and $181 of ceding commission for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $1,404 and $6,438 of premiums earned ceded and $404 and $1,921 of ceding commission, respectively).

Effective September 1, 2010, our indirect wholly owned subsidiary, Maiden Reinsurance Company ("Maiden US"), entered into an arrangement whereby a subsidiary of AmTrust fronted a reinsurance agreement in which Maiden US assumed 80% of the gross liabilities produced under the Southern General Agency program with the other 20% being assumed by a third party. This fronting arrangement compensated AmTrust with a 5% commission of ceded written premiums. The agreement was subsequently amended, effective September 1, 2012, whereby the termination date of the agreement was extended until August 31, 2013. This agreement expired on the termination date and is currently in run-off.

Pursuant to the latest amendment, Maiden US now receives 100% of the premium and reinsures 100% of the gross liabilities incurred (from the effective date). Under this agreement, as amended, Maiden US recorded approximately $1,410 and $3,285 of premiums earned and $70 and $164 of commission expense for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $547 and $1,198 of premiums earned and $27 and $60 of commission expense, respectively).

Effective April 1, 2012, Maiden US entered into a reinsurance agreement with AmTrust's wholly owned subsidiary, AmTrust North America, Inc. ("AmTrust NA"). Maiden US shall indemnify AmTrust NA, on an excess of loss basis, as a result of losses occurring on AmTrust NA's new and renewal policies relating to the lines of business classified as Automobile Liability by AmTrust NA in its annual statement utilizing the specific underwriting guidelines defined in the reinsurance agreement. AmTrust NA shall retain the first $1,000 of loss, per any one policy or per any one loss occurrence. Maiden US shall be liable for the amount by which AmTrust NA's loss exceeds $1,000, but the liability of Maiden US shall not exceed $1,000 on any one policy and any one loss occurrence. The agreement provides AmTrust NA with fixed ceding commissions on net written premiums varying between 10% to 27.5% depending on the commission rate in the underlying policy. This agreement has a term of one year and automatically renews annually unless terminated pursuant to the terms of the agreement. Under this agreement, Maiden US recorded approximately $170 and $369 of net premiums earned and $38 and $94 of commission expense for the three and nine months ended September 30, 2013, respectively ($535 and $582 net premiums earned and $463 and $472 commission expense for the three and nine months ended September 30, 2012, respectively).

Collateral provided to AmTrust

In order to provide AmTrust's U.S. insurance subsidiaries with credit for reinsurance on their statutory financial statements, AII, as the direct reinsurer of the AmTrust's insurance subsidiaries, has established trust accounts ("Trust Accounts") for their benefit. Maiden Bermuda has agreed to provide appropriate collateral to secure its proportional share under the Reinsurance Agreement of AII's obligations to the AmTrust subsidiaries to whom AII is required to provide collateral. This collateral may be in the form of (a) assets loaned by Maiden Bermuda to AII for deposit into the Trust Accounts, pursuant to a loan agreement between those parties, (b) assets transferred by Maiden Bermuda for deposit into the Trust Accounts, (c) a letter of credit obtained by Maiden Bermuda and delivered to an AmTrust subsidiary on AII's behalf (a "Letter of Credit"), or (d) premiums withheld by an AmTrust subsidiary at Maiden Bermuda's request in lieu of remitting such premiums to AII (“Withheld Funds”). Maiden Bermuda may provide any or a combination of these forms of collateral, provided that the aggregate value thereof equals Maiden Bermuda's proportionate share of its obligations under the Reinsurance Agreement with AII. The amount of collateral Maiden Bermuda is required to maintain, which is determined quarterly, equals its proportionate share of (a) the amount of ceded paid losses for which AII is responsible to such AmTrust subsidiaries but has not yet paid, (b) the amount of ceded loss reserves (including ceded reserves for claims reported but not resolved and losses incurred but not reported) for which AII is responsible to AmTrust subsidiaries, and (c) the amount of ceded reserves for unearned premiums ceded by AmTrust subsidiaries to AII.

8. Related Party Transactions (continued)

Maiden Bermuda satisfied its collateral requirements under the Reinsurance Agreement with AII as follows:

- by lending funds in the amount of $167,975 as of September 30, 2013 and December 31, 2012 to AII pursuant to a loan agreement entered into between those parties. This loan is carried at cost. Pursuant to the Reinsurance Agreement, AmTrust has agreed to cause AII not to commingle Maiden Bermuda's assets with AII's other assets and to cause the AmTrust subsidiaries not to commingle Maiden Bermuda's assets with the AmTrust subsidiaries' other assets if an AmTrust subsidiary withdraws those assets. AII has agreed that, if an AmTrust subsidiary returns to AII excess assets withdrawn from a Trust Account, drawn on a Letter of Credit or maintained by such AmTrust subsidiary as Withheld Funds, AII will immediately return to Maiden Bermuda its proportionate share of such excess assets. AII has further agreed that if the aggregate fair market value of the amount of Maiden Bermuda's assets held in the Trust Account exceeds Maiden Bermuda's proportionate share of AII's obligations, or if an AmTrust subsidiary misapplies any such collateral, AII will immediately return to Maiden Bermuda an amount equal to such excess or misapplied collateral, less any amounts AII has paid to Maiden Bermuda.In addition, if an AmTrust subsidiary withdraws Maiden Bermuda's assets from a Trust Account and maintains those assets on its books as Withheld Funds, AII has agreed to pay to Maiden Bermuda interest at the rate equivalent to the one-month LIBOR plus 90 basis points per annum computed on the basis of a 360-day year on the loan (except to the extent Maiden Bermuda's proportionate share of AII's obligations to that AmTrust subsidiary exceeds the value of the collateral Maiden Bermuda has provided), and net of unpaid fees Maiden Bermuda owes to AII Insurance Management Limited ("AIIM") and its share of fees owed to the trustee of the Trust Account. The amount of interest earned on the loan was $467 and $1,397 for the three and nine months ended September 30, 2013, respectively, ($489 and $1,468 for the three and nine months ended September 30, 2012, respectively), out of which $467 was accrued as of September 30, 2013 (December 31, 2012 - $0); and

- effective December 1, 2008, the Company entered into a Reinsurer Trust Assets Collateral agreement to provide to AII sufficient collateral to secure its proportional share of AII's obligations to the U.S. AmTrust subsidiaries. The amount of the collateral, as of September 30, 2013 was approximately $1,095,601 (December 31, 2012 - $857,013) and the accrued interest was $7,346 (December 31, 2012 - $6,967). (See Note 4(d)).

Reinsurance Brokerage Agreements

Effective July 1, 2007, the Company entered into a reinsurance brokerage agreement with AII Reinsurance Broker Ltd. ("AIIB"), a subsidiary of AmTrust. Pursuant to the brokerage agreement, AIIB provides brokerage services relating to the Reinsurance Agreement and, beginning on April 1, 2011, the European Hospital Liability Quota Share agreement for a fee equal to 1.25% of the premium assumed.

The brokerage fee is payable in consideration of AIIB's brokerage services. AIIB is not the Company's exclusive broker. AIIB may, if mutually agreed, also produce reinsurance business for the Company from other ceding companies, and in such cases the Company will negotiate a mutually acceptable commission rate. Following the initial one-year term, the agreement may be terminated upon 30 days written notice by either party. Maiden Bermuda recorded approximately $3,043 and $9,064 of reinsurance brokerage expense for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $2,216 and $6,412, respectively) and deferred reinsurance brokerage of $8,441 as of September 30, 2013 (December 31, 2012 - $6,299) as a result of this agreement.

The Company paid brokerage fees to AmTrust NA of $21 and $22 for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $20 and $20, respectively) for acting as insurance intermediary in relation to certain insurance placements.

Asset Management Agreement

Effective July 1, 2007, we entered into an asset management agreement with AIIM pursuant to which AIIM has agreed to provide investment management services to the Company. Pursuant to the asset management agreement, AIIM provides investment management services for a quarterly fee of 0.05% if the average value of the account for the previous calendar quarter is less than or equal to $1 billion and 0.0375% if the average value of the account for the previous calendar quarter is greater than $1 billion. Following the initial one-year term, the agreement may be terminated upon 30 days written notice by either party. The Company recorded approximately $1,080 and $3,182 of investment management fees for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $952 and $2,667, respectively) as a result of this agreement, out of which $1,080 was accrued as of September 30, 2013 (December 31, 2012 - $0).

Other

On March 1, 2011, we entered into a time sharing agreement for the lease of aircraft owned by AmTrust Underwriters, Inc. ("AUI"), a wholly owned subsidiary of AmTrust. The initial lease was for 10 months ending on December 31, 2011 and automatically renews for successive one-year terms unless terminated in accordance with the provisions of the agreement. Pursuant to the agreement, the Company will reimburse AUI for actual expenses incurred as allowed by Federal Aviation Regulations. For the three and nine months ended September 30, 2013, the Company recorded an expense of $38 and $57, respectively (September 30, 2012 - $6 and $38, respectively) for the use of the aircraft.

8. Related Party Transactions (continued)

NGHC

The following describes transactions between the Company and NGHC and its subsidiaries:

NGHC Quota Share Reinsurance Agreement

Maiden Bermuda, effective March 1, 2010, reinsures 25% of the net premiums of the GMAC personal lines business, pursuant to a quota share reinsurance agreement (“NGHC Quota Share”) with the GMAC personal lines insurance companies, as cedents, and Maiden Bermuda, ACP Re Ltd., a Bermuda reinsurer which is a wholly owned indirect subsidiary of the Annuity Trust, and AmTrust, as reinsurers. Maiden Bermuda has a 50% participation in the NGHC Quota Share, by which it receives 25% of net premiums of the personal lines automobile business. The NGHC Quota Share provides that the reinsurers, severally, in accordance with their participation percentages, shall receive 50% of the net premiums of the GMAC personal lines insurance companies and assume 50% of the related net losses. The NGHC 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, Maiden Bermuda's participation in the NGHC Quota Share may be terminated by NGHC on 60 days written notice in the event Maiden Bermuda becomes insolvent, is placed into receivership, its financial condition is impaired by 50% of the amount of its surplus at the inception of the NGHC Quota Share or latest anniversary, whichever is greater, is subject to a change of control, or ceases writing new and renewal business. NGHC also may terminate the agreement on 60 days written notice following the effective date of initial public offering or private placement of stock by NGHC or a subsidiary. Maiden Bermuda may terminate its participation in the NGHC Quota Share on 60 days written notice in the event NGHC is subject to a change of control, ceases 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 NGHC Quota Share.

The NGHC Quota Share provided that the reinsurers paid a provisional ceding commission equal to 32.5% of ceded earned premium, net of premiums ceded by the personal lines companies for inuring reinsurance, subject to adjustment.The ceding commission was subject to adjustment to a maximum of 34.5% if the loss ratio for the reinsured business is 60.0% or less and a minimum of 30.5% if the loss ratio is 64.5% or greater.

Effective October 1, 2012, the parties amended the reinsurance agreement to decrease the provisional ceding commission from 32.5% to 32.0% of ceded earned premium, net of premiums ceded by the personal lines companies for inuring reinsurance, subject to adjustment. The ceding commission is subject to adjustment to a maximum of 34.5% (no change) and a minimum of 30.0% (changed from 30.5%), if the loss ratio is 64.5% or greater.

On August 1, 2013, the Company received notice from NGHC of the termination of the NGHC Quota Share effective on that date. The Company and NGHC agreed that the termination is on a run-off basis, which means that Maiden Bermuda continues to earn premiums and remain liable for losses occurring subsequent to August 1, 2013 for any policies in force prior to and as of August 1, 2013 until those policies expire.

Maiden Bermuda recorded approximately $19,910 and $63,608 of ceding commission expense for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $21,856 and $63,435, respectively) as a result of this transaction.

Other

Effective April 1, 2013, Maiden US entered into a Medical Excess of Loss reinsurance agreement with wholly owned subsidiaries of NGHC, Distributors Insurance Company PCC, AIBD Insurance Company IC and Professional Services Captive Corporation IC. Pursuant to this agreement, Maiden US indemnifies on an excess of loss basis, for the amounts of net loss, paid from April 1, 2013 through March 31, 2014. Maiden US is liable, under layer 1 of this agreement, for 100% of the net loss for each covered person per agreement year in excess of the $1,000 retention (each covered person per agreement year). Under this layer, Maiden US's liability shall not exceed $4,000 per covered person per agreement year. Maiden US is also liable, under layer 2 of this agreement, for 100% of net loss for each covered person per agreement year in excess of layer 1. Maiden US' liability under this section shall not exceed $5,000 per covered person per agreement year. In addition to the coverage provided under layers 1 and 2, Maiden US indemnifies extra contractual obligations with a maximum liability of $2,000. This agreement terminates on March 31, 2014 and, unless mutually agreed, Maiden US will be relieved of all liability hereunder for losses incurred or paid subsequent to such termination date. Under this agreement, Maiden US recorded approximately $104 and $113 of premiums earned for the three and nine months ended September 30, 2013.

Effective September 12, 2012, our indirect wholly owned subsidiary, Maiden Re Insurance Services, LLC ("Maiden Re"), entered into a consulting agreement with Integon Association Management LLC ("Integon"), a wholly owned subsidiary of NGHC, pursuant to which Maiden Re has agreed to provide to Integon underwriting, and pricing support for a fee of $25 per month, and also a fee of $0.1 for each policy quote evaluation and an additional $0.1 for each policy re-quote evaluation. The initial term of this agreement was for a period of one year. This consulting agreement was amended after its initial term, effective September 12, 2013, whereby the term shall be for a period of one month, with renewals for successive monthly periods occurring automatically unless a party delivers at least 30 days prior written notice of non-renewal to the other party. The amendment also alters the consideration due to Maiden Re for the services provided. Under the terms of the amendment, the monthly fee is $15 per month and the fee for each policy quote evaluation will vary based on quantity of quotes provided per month.

(in thousands of U.S. dollars, except share and per share data)

8. Related Party Transactions (continued)

The Company recorded $72 and $238 consulting fee income for the three and nine months ended September 30, 2013, respectively ($0 for the three and nine months ended September 30, 2012).

Maiden Specialty entered into a reinsurance arrangement with New South Insurance Company ("New South"), a wholly owned subsidiary of NGHC. Pursuant to the agreement, Maiden Specialty cedes 100% of certain personal lines business to New South. On March 1, 2010, Maiden Specialty entered into a novation agreement with Motors and New South whereby New South replaced Motors as the reinsurer for all of this run-off business. For the three and nine months ended September 30, 2013 and 2012, no premiums were ceded to New South and no commission income was earned by the Company.

In June 2011, the Company, through Maiden NA, issued $107,500 principal amount of 2011 Senior Notes due on June 15, 2041, which are fully and unconditionally guaranteed by the Company. The proceeds from the 2011 Senior Notes were used to repurchase on a pro rata basis $107,500 of the $260,000 outstanding Trust Preferred Securities. The Company offered all Trust Preferred Securities holders the option to have their securities repurchased on the same terms. ACP Re, Ltd. accepted the offer to repurchase its $79,066 in principal amount of Trust Preferred Securities on July 15, 2011. George Karfunkel purchased $25,000, and NGHC and AII each purchased $12,500, of the principal amount of the 2011 Senior Notes. The Company's Audit Committee reviewed and approved NGHC's, AII's, and George Karfunkel's participation in the 2011 Senior Notes offering.

9. Earnings per Common Share

The following is a summary of the elements used in calculating basic and diluted earnings per common share for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013	2012
Net income attributable to Maiden common shareholders	$ 21,904	$ 21,919
Amount allocated to participating common shareholders (1)	(29)	—
Net income allocated to Maiden common shareholders	$ 21,875	$ 21,919
Weighted average number of common shares outstanding – basic	72,552,022	72,270,052
Potentially dilutive securities:		
Share options and restricted share units	1,385,872	868,909
Weighted average number of common shares outstanding – diluted	73,937,894	73,138,961
Basic earnings per share attributable to Maiden common shareholders:	$ 0.30	$ 0.30
Diluted earnings per share attributable to Maiden common shareholders:	$ 0.30	$ 0.30

For the Nine Months Ended September 30,	2013	2012
Net income attributable to Maiden common shareholders	$ 67,095	$ 56,837
Amount allocated to participating common shareholders (1)	(88)	—
Net income allocated to Maiden common shareholders	$ 67,007	$ 56,837
Weighted average number of common shares outstanding – basic	72,475,087	72,251,711
Potentially dilutive securities:		
Share options and restricted share units	1,249,281	836,822
Weighted average number of common shares outstanding – diluted	73,724,368	73,088,533
Basic earnings per share attributable to Maiden common shareholders:	$ 0.92	$ 0.79
Diluted earnings per share attributable to Maiden common shareholders:	$ 0.91	$ 0.78

(1) This represents earnings allocated to the holders of non-vested restricted shares issued to Company's employees under the 2007 Share Incentive Plan.

As of September 30, 2013, 1,611,272 share options (September 30, 2012 - 2,082,608) were excluded from the calculation of diluted earnings per common share as they were anti-dilutive.

10. Shareholders' Equity

As at September 30, 2013, the aggregate authorized share capital of the Company was 150,000,000 shares from which the Company has issued 73,575,384 common shares, of which 72,613,048 common shares are outstanding, and issued 6,000,000 preference shares with an additional 3,000,000 preference shares subscribed for but unissued. Furthermore, there is a further 300,000 preference shares authorized for issuance from the aggregate authorized share capital of the Company.

Mandatory Convertible Preference Shares - Series B

On September 25, 2013, the Company announced the pricing of a public offering of 3,000,000 7.25% Mandatory Convertible Preference Shares - Series B (the "Preference Shares - Series B"), at $50 per preference share, with an underwriting discount of $1.50 per preference share. In addition, the underwriters of the issuance received an over allotment option to purchase an additional 300,000 shares, which was exercised on October 1, 2013. The Preference Shares - Series B are not redeemable. The authorized number of the Preference Shares - Series B is initially 3,300,000 shares with 3,000,000 of these shares subscribed but unissued as at September 30, 2013. See "Note 13. Subsequent Events" for additional information related to the issuance of the Preference Shares - Series B.

The Company will pay cumulative dividends on each of the Preference Shares - Series B at a rate of 7.25% per annum on the initial liquidation preference of $50 per share (equivalent to $3.625 per annum per Preference Share - Series B or $0.90625 per quarter except on the initial payment date which is expected to be $0.745139). Dividends will accrue and accumulate from the date of issuance and, to the extent that the Company has lawfully available funds to pay dividends and the board of directors declares a dividend payable, it will pay dividends quarterly each year commencing on December 15, 2013, up to, and including, September 15, 2016 in cash and on September 15, 2016 or any earlier conversion date in cash, or common shares, or a combination thereof, at the Company’s election and subject to the share cap, which is an amount per share equal to the product of (i) 2 and (ii) the maximum conversion rate of 4.0322, subject to conversion rate adjustments.

On the mandatory conversion date, September 15, 2016, each of the then-outstanding Preference Shares - Series B will automatically convert into a variable number of the Company’s common shares equal to the conversion rate, which will not be more than 4.0322 of the Company's common shares and not less than 3.2258, subject to conversion rate adjustments, that is based on the volume weighted average price per share of the Company’s common shares over the forty consecutive trading day period beginning on, and including, the forty-second scheduled trading day immediately preceding September 15, 2016 (the "final averaging period"). The mandatory conversion date is the third business day immediately following the last trading day of the final averaging period. The conversion rate will be adjusted from time to time if the Company issues common shares as a dividend, increases the cash dividend from $0.09 per share or in some other cases as described under "Description of the Mandatory Convertible Preference Shares - Conversion Rate Adjustments" of the Form 424B2 Prospectus Supplement filed with the SEC on September 27, 2013.

At any time prior to September 15, 2016, other than during the fundamental change conversion period (as defined in the prospectus supplement), a holder of mandatory convertible preference shares may elect to convert such holder's mandatory convertible preference shares at the minimum conversion rate of 3.2258 shares of the common stock per mandatory convertible preference share, subject to adjustment as described under "Description of Mandatory Convertible Preference Shares - Conversion Rate Adjustments" of the Form 424B2 Prospectus Supplement filed with the SEC on September 27, 2013.

The Preference Shares - Series B have no voting rights other than to elect two additional members of the board of directors if dividends on the Preference Shares - Series B have not been declared and paid for the equivalent of six or more dividend periods

Preference Shares - Series A

On August 22, 2012, the Company issued six million 8.25% Preference Shares - Series A (the “Preference Shares - Series A”), par value $0.01 per share, at a price of $25 per share. The Company received net proceeds of $145,041 from its offering, after deducting expenses and underwriting discounts of $4,959. The authorized number of the Preference Shares - Series A is 6,000,000 shares with 6,000,000 of these shares issued and outstanding as at September 30, 2013. The Preference Shares - Series A have no stated maturity date and are redeemable in whole or in part at the option of the Company any time after August 29, 2017 at a redemption price of $25 per Preference Share - Series A plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

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

(in thousands of U.S. dollars, except share and per share data)

10. Shareholders' Equity (continued)

To the extent declared, these dividends will accumulate, with respect to each dividend period, in an amount per share equal to 8.25% of the $25 liquidation preference per annum. During any dividend period, so long as any Preference Shares - Series A remain outstanding, unless the full dividend for the latest completed dividend period on all outstanding Preference Shares - Series A have been declared and paid, no dividend shall be paid or declared on the common shares.

The holders of the Preference Shares - Series A have no voting rights other than the right to elect up to two of directors if preference share dividends are not declared and paid for six or more dividend periods.

During the three and nine months ended September 30, 2013, the Company declared and paid $3,093 and $9,281 in preference share dividends, respectively ($0for the three and nine months ended September 30, 2012).

Accumulated Other Comprehensive Income

The following tables set forth financial information regarding the changes in the balances of each component of accumulated other comprehensive income for the three and nine months ended September 30, 2013 and 2012.

For the Three Months Ended September 30, 2013	Change in net unrealized gains on investments	Foreign currency translation adjustments	Total
Beginning balance	$ 49,247	$ (1,222)	$ 48,025
Other comprehensive income (loss) before reclassifications	5,922	(4,744)	1,178
Amounts reclassified from accumulated other comprehensive income	(576)	—	(576)
Net current period other comprehensive income (loss)	5,346	(4,744)	602
Ending balance	54,593	(5,966)	48,627
Less: Accumulated other comprehensive income attributable to non controlling interest	—	8	8
Ending balance, Maiden shareholders	$ 54,593	$ (5,974)	$ 48,619

For the Three Months Ended September 30, 2012	Change in net unrealized gains on investments	Foreign currency translation adjustments	Total
Beginning balance	$ 93,830	$ 1,722	$ 95,552
Other comprehensive income (loss) before reclassifications	45,986	(1,700)	44,286
Amounts reclassified from accumulated other comprehensive income	(2,410)	—	(2,410)
Net current period other comprehensive income (loss)	43,576	(1,700)	41,876
Ending balance	137,406	22	137,428
Less: Accumulated other comprehensive loss attributable to non controlling interest	—	(13)	(13)
Ending balance, Maiden shareholders	$ 137,406	$ 35	$ 137,441

(in thousands of U.S. dollars, except share and per share data)

10. Shareholders' Equity (continued)

For the Nine Months Ended September 30, 2013	Change in net unrealized gains on investments	Foreign currency translation adjustments	Total
Beginning balance	$ 143,665	$ (2,539)	$ 141,126
Other comprehensive income (loss) before reclassifications	(85,415)	(3,427)	(88,842)
Amounts reclassified from accumulated other comprehensive income	(3,657)	—	(3,657)
Net current period other comprehensive (loss) income	(89,072)	(3,427)	(92,499)
Ending balance	54,593	(5,966)	48,627
Less: Accumulated other comprehensive income attributable to non controlling interest	—	8	8
Ending balance, Maiden shareholders	$ 54,593	$ (5,974)	$ 48,619

For the Nine Months Ended September 30, 2012	Change in net unrealized gains on investments	Foreign currency translation adjustments	Total
Beginning balance	$ 63,737	$ 314	$ 64,051
Other comprehensive income (loss) before reclassifications	76,098	(292)	75,806
Amounts reclassified from accumulated other comprehensive income	(2,429)	—	(2,429)
Net current period other comprehensive income (loss)	73,669	(292)	73,377
Ending balance	137,406	22	137,428
Less: Accumulated other comprehensive loss attributable to non controlling interest	—	(13)	(13)
Ending balance, Maiden shareholders	$ 137,406	$ 35	$ 137,441

11. Share Based Compensation

The Company’s 2007 Share Incentive Plan, as amended (the "Plan") provides for grants of share options, restricted shares and restricted share units. The total number of shares currently reserved for issuance under the Plan is 10,000,000 common shares. The Plan is administered by the Compensation Committee of the Board of Directors. Exercise prices of options will be established at or above the fair market value of the Company’s common shares at the date of grant. Under the Plan, unless otherwise determined by the Compensation Committee and provided in an award agreement, 25% of the options will become exercisable on the first anniversary of the grant date, with an additional 6.25% of the options vesting each quarter thereafter based on the grantee’s continued employment over a four-year period, and will expire ten years after grant date.

Share Options

The fair value of each option grant is separately estimated for each vesting date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date. The Company has estimated the fair value of all share option awards as of the date of the grant by applying the Black-Scholes-Merton multiple-option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. The adoption of ASC Topic 718 "Compensation - Stock Compensation" fair value method has resulted in share based compensation expense in the amount of $508 and $1,668 for the three and nine months ended September 30, 2013, respectively (September 30, 2012 - $343 and $995, respectively).

The key assumptions used in determining the fair value of options granted in the three and nine months ended September 30, 2013 and a summary of the methodology applied to develop each assumption are as follows:

(in thousands of U.S. dollars, except share and per share data)

11. Share Based Compensation (continued)

Assumptions:	
Volatility	45.30 – 47.60 %
Risk-free interest rate	0.85 – 1.29 %
Weighted average expected lives in years	6.1 years
Forfeiture rate	1.60 %
Dividend yield rate	3.04 – 3.55 %

Expected Price Volatility — This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. It was not possible to use actual experience to estimate the expected volatility of the price of the common shares in estimating the value of the options granted because the Company's common shares only began trading in May 2008, thus, it does not have enough history over which to calculate an expected volatility representative of the volatility over the expected lives of the options. As a substitute for such estimate, the Company blended its historical volatility with the historical volatilities of a set of comparable companies in the industry in which the Company operates.

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

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

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

Dividend Yield — This is calculated by dividing the expected annual dividend by the share price of the Company at the valuation date. An increase in the dividend yield will decrease compensation expense.

The following schedule shows all options granted, exercised, expired and forfeited under the Plan for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30, 2013	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, June 30, 2013	2,673,575	$ 6.85	6.39 years
Exercised	(98,611)	$ 7.12	—
Expired	(628)	$ 7.67	—
Forfeited	(112,474)	$ 8.52	—
Outstanding, September 30, 2013	2,461,862	$ 6.76	6.00 years

For the Three Months Ended September 30, 2012	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, June 30, 2012	2,870,581	$ 6.62	7.13 years
Exercised	(20,907)	$ 4.36	—
Expired	(52,251)	$ 9.90	—
Forfeited	(7,465)	$ 7.76	—
Outstanding, September 30, 2012	2,789,958	$ 6.58	6.90 years

(in thousands of U.S. dollars, except share and per share data)

11. Share Based Compensation (continued)

For the Nine Months Ended September 30, 2013	Number of Share Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, December 31, 2012	2,795,437	$	6.70	6.75 years
Granted	49,000	$	10.61	—
Exercised	(269,101)	$	6.08	—
Expired	(628)	$	7.67	—
Forfeited	(112,846)	$	8.52	—
Outstanding, September 30, 2013	2,461,862	$	6.76	6.00 years

For the Nine Months Ended September 30, 2012	Number of Share Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, December 31, 2011	2,916,143	$	6.61	7.55 years
Granted	49,500	$	8.77	—
Exercised	(61,061)	$	4.16	—
Expired	(103,284)	$	9.88	—
Forfeited	(11,340)	$	7.54	—
Outstanding, September 30, 2012	2,789,958	$	6.58	6.90 years

The weighted average grant date fair value was $2.04 and $2.00 for all options outstanding at September 30, 2013 and 2012, respectively. There was approximately $707 and $1,630 of total unrecognized compensation cost related to options as of September 30, 2013 and 2012, respectively.

Performance-Based Restricted Share Units (PB-RSUs)

The Compensation Committee of the Board of Directors (the "Committee") approved the formation of a long-term incentive program under the Plan on March 1, 2011. On that date, the Committee determined to award PB-RSUs to executive officers and senior Company employees. The formula for determining the amount of PB-RSUs awarded uses a combination of a percentage of the employee's base salary (based on a benchmarking analysis from our compensation consultant) divided by the closing price on NASDAQ Global Select Market of our common shares on that date. The grants are performance based which require that certain criteria such as return on equity, underwriting performance, revenue growth and operating expense be met during the performance period to attain a payout. Each metric has a corresponding weighted percentage with a target, threshold and maximum level of performance goal set to achieve a payout. Settlement of the grants can be made in either common shares or cash upon the decision of the Committee. The first performance cycle was for two years, 2011-2012, and subsequent performance cycles are for three years. For the years 2011-2012, no RSUs vested as the target level of performance was not met.

Effective February 19, 2013, the Committee approved the award of PB-RSUs to executive officers and senior Company employees for the fiscal year 2013-2015. 50% of the payout is based on criteria such as return on equity, underwriting performance, revenue growth and operating expense being met during the performance period, while the other 50% of the payout is at the discretion of the Committee based on individual performance. For the three and nine months ended September 30, 2013, no accrual was recognized as the calculated weighted percentage of the performance results of the Company did not meet the target levels.

CEO Non-Performance-Based Restricted Share Units ("NPB-RSUs")

On March 1, 2012, the Committee approved an award of NPB-RSUs to the Company's CEO. The award consists of 86,705 restricted share units which will fully vest on December 31, 2013. Each share unit has a fair value of $8.56 which is being amortized over 22 months.

On February 19, 2013, the Committee approved an award of NPB-RSUs to the Company's CEO. The award consists of 149,701 restricted share units, of which one-third automatically vest by February 19, 2014, of which one-third automatically vest by February 19, 2015, and of which one-third automatically vest by February 19, 2016. Each share unit has a fair value of $10.02 which is amortized over 36 months.

(in thousands of U.S. dollars, except share and per share data)

11. Share Based Compensation (continued)

Non-CEO Discretionary Non-Performance-Based Restricted Shares ("NPB-RSs")

On February 19, 2013, pursuant to the Plan, the Committee approved an award of NPB-RSs to non-CEO named executive officers and senior leaders of the Company. The award consists of 95,590 restricted shares, 50% of which will vest on the first anniversary of the grant date, with an additional 50% vesting on the second anniversary of the grant date. Each share unit has a fair value of $10.02.

12. Dividends Declared

During the third quarter, the Company's Board of Directors authorized the following quarterly dividends payable to shareholders:

	Dividend per Share		Payable on:	Record date:
Common shares	$	0.09	October 15, 2013	October 1, 2013
Preference shares - Series A	$	0.515625	September 16, 2013	September 1, 2013

13. Subsequent Events

(a) Dividends

On November 6, 2013, the Company's Board of Directors authorized the following quarterly dividends:

	Dividend per Share		Payable on:	Record date:
Common shares	$	0.11	January 15, 2014	January 2, 2014
Preference shares - Series A	$	0.515625	December 16, 2013	December 1, 2013
Preference shares - Series B	$	0.7451389	December 16, 2013	December 1, 2013

(b) Preference Shares - Series B

On October 1, 2013, the Company received proceeds from the issuance of the 3,000,000 Preference Shares - Series B of $145,500, which was net of the discount of $4,500. On the same date, the underwriters of the offering exercised their over allotment option to purchase 300,000 additional shares of the Preference Shares - Series B. The Company received net proceeds relating to the exercise of the over allotment option of $14,550, net of the discount of $450, on October 3, 2013.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Form 10-Q" or this "Report"). References in this Form 10-Q to the terms "we," "us," "our," "the Company" or other similar terms mean the consolidated operations of Maiden Holdings, Ltd and its subsidiaries, unless the context requires otherwise. References in this Form 10-Q to the term "Maiden Holdings" means Maiden Holdings, Ltd. only. Amounts in tables may not reconcile due to rounding differences.

Note on Forward-Looking Statements

This Quarterly Report on Form 10-Q includes projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. These projections and statements are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 and are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These projections and statements may address, among other things, our strategy for growth, product development, financial results and reserves. Actual results and financial condition may differ, possibly materially, from these projections and statements and therefore you should not place undue reliance on them. Factors that could cause our actual results to differ, possibly materially, from those in the specific projections and statements are discussed throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations and in "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 11, 2013. The projections and statements in this Report speak only as of the date of this Report and we undertake no obligation to update or revise any forward-looking statement that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.

Overview

We are a Bermuda-based holding company formed in June 2007 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 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. As of September 30, 2013, we had approximately $4.4 billion in total assets, $1.0 billion of total shareholders' equity and $1.3 billion in total capital, which includes shareholders' equity, the senior notes and the junior subordinated debt.

We provide reinsurance through our wholly owned subsidiaries, Maiden Reinsurance Company ("Maiden US") and Maiden Insurance Company Ltd. ("Maiden Bermuda") 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 inland marine and property coverages. On April 22, 2013, we entered into a transaction which began divesting us of this business commencing on May 1, 2013, consistent with our previously announced intentions with regard to this business. Please see *"Recent Developments - Divestiture of Maiden's Excess and Surplus ("E&S") Property Business"* on page 43. Maiden Bermuda does not underwrite any primary insurance business. Maiden Life Försäkrings AB ("Maiden LF") is a life insurer organized in Sweden and writes credit life insurance on a primary basis in support of Maiden Global Holdings, Ltd. ("Maiden Global") business development efforts.

We currently operate our business through three segments: Diversified Reinsurance; AmTrust Quota Share Reinsurance; and NGHC Quota Share (formerly known as ACAC Quota Share - please see *"Recent Developments - NGHC Quota Share Reinsurance Agreement"* for additional information on this segment).

The market conditions in which we operate have historically been cyclical, experiencing periods of price erosion followed by rate strengthening as a result of catastrophes or other significant losses that affect the overall capacity of the industry to provide coverage. During the period covered by this report, the reinsurance market has been characterized by significant competition in most lines of business. There continues to be an influx of new capital from sources not considered traditional investors in the reinsurance industry, primarily in the property catastrophe segment of the reinsurance market, which is further enhancing overall industry competitive conditions.

Natural and man-made catastrophes occur each year that affect reinsurance industry results. In recent years the insurance and reinsurance industry has experienced an extensive series of significant natural and man-made catastrophes, both globally and in the U.S., that negatively impacted overall industry performance. During the first nine months of 2013, industry experience from catastrophe losses was generally improved from levels in prior years, resulting in strongly positive industry financial results.

Despite the elevated levels of global and U.S. catastrophe losses affecting the industry during the last several years, industry financial conditions, taken as a whole, have continued to improve through a combination of positive non-catastrophe underwriting results, enhanced balance sheets resulting from strong fixed income market performance which have resulted in significant unrealized gains in those underlying assets and readily available capital sources for industry participants, including the aforementioned inflow of capital from non-traditional market participants. As a result, capital positions across the insurance and reinsurance industry appear to remain strong through September 30, 2013.

However, the property and casualty industry invests significant portions of its premiums and retained underwriting profits in fixed income maturities and relies significantly on investment income to generate acceptable levels of net income. In recent years, yields on these securities have declined and have been at historically low levels as U.S. and global policy makers have provided record levels of liquidity to their respective economies. During 2013, the U.S. Federal Reserve has indicated that it may begin to reduce its liquidity measures later in 2013 or in 2014, depending on economic conditions and other key indicators. To date however, these liquidity measures have not been reduced and short-term interest rates are widely expected to remain low for the foreseeable future. While the likely continued existence of these investment conditions, particularly on shorter duration assets, should continue to impact the results of the property and casualty industry generally, investment income may begin to respond to these changing expectations if longer-term rates begin to rise, possibly reducing the pressure on insurance and reinsurance companies underwriting results.

Although the combined ultimate impact of recent catastrophe activity and the fixed income investment environment remains unclear and is currently more uncertain in light of reinsurance industry performance, broad industry conditions brought about by these events remain supportive of improved pricing in primary insurance markets in the near term; numerous primary insurance market participants are reporting a favorable pricing environment. To date however, reinsurance industry financial conditions have limited the amount of enhanced pricing, particularly in property lines of business, the industry would normally experience during periods of increased catastrophe losses. The 2013 renewals for the reinsurance industry continued to show limited pricing improvement and increasing levels of competition. Accordingly, the scope and tenure of any improved pricing environment and its potential impact on us remains less certain.

As market conditions continue to develop, we continue to maintain our adherence to disciplined underwriting by declining business when pricing, terms and conditions do not meet our underwriting standards. We believe we are well positioned to take advantage of market conditions should the pricing environment become more favorable.

Capital Transactions

We have entered into a series of significant capital transactions that have enabled us to significantly strengthen our balance sheet and strongly support our growing reinsurance operations. These transactions include:

- Completing a public debt offering of $107.5 million in June 2011 and repurchasing a like amount of our outstanding TRUPS Offering securities in July 2011 ("2011 Senior Notes");
- Completing a public debt offering of $100.0 million in March 2012 ("2012 Senior Notes"). The net proceeds of $96.6 million have been used for working capital and general corporate purposes (the 2011 Senior Notes and 2012 Senior Notes may also be referred to as the "2011 Senior Note Offering" or the "2012 Senior Note Offering", respectively, and may collectively be referred to as the "Senior Note Offerings"); and
- Completing a public offering of $150.0 million Preference Shares - Series A (the “Preference Shares - Series A”) in August 2012. We received net proceeds of $145.0 million from the offering. The net proceeds from the offering are expected to be used for continued support and development of our reinsurance business and for other general corporate purposes, which may include repurchasing a portion of the Company's outstanding common shares and repurchasing the Company's outstanding 14% 30-year trust preferred securities ("TRUPS") issued in January 2009.
- Completing a public offering of $165.0 million Mandatory Convertible Preference Shares - Series B (the “Preference Shares - Series B”) in October 2013. We received net proceeds of $160.1 million from the offering, after deducting the underwriting discount and offering expenses. The net proceeds from the offering are expected to be used for general corporate purposes, primarily to support the continuing growth of our reinsurance operations.

These significant transactions, along with other unusual or non-recurring events, should be considered when evaluating year-to-year comparability or when comparing our performance with other companies considered our peers and with whom we compete on a regular basis.

Recent Developments

Issuance of Mandatory Convertible Preference Shares - Series B

On September 25, 2013, we announced the pricing of a public offering of three million 7.25% Mandatory Convertible Preference Shares - Series B ("Preference Shares - Series B"), at $50 per preference share with an underwriting discount of $1.50 per preference share. On October 1, 2013, we received net proceeds of $145.5 million from the offering, after deducting the underwriting discount. Subsequently, the underwriters of the issuance exercised an option to purchase three hundred thousand additional shares of the Preference Shares - Series B and we received an additional $14.6 million on October 3, 2013 relating to the net proceeds from the shares issued to the underwriters. Each share, which is not redeemable, will be paid cumulative dividends at a rate of 7.25% per annum on the initial liquidation preference of $50 per share.

The Preference Shares - Series B have no voting rights other than to elect two additional members of the board of directors if dividends on the Preference Shares - Series B have not been declared and paid for the equivalent of six or more dividend periods.

The Preference Shares - Series B have been listed on the NASDAQ and trading commenced on October 1, 2013 under the symbol "MHLDO".

NGHC Quota Share Reinsurance Agreement ("NGHC Quota Share")

On August 1, 2013, we received notice from National General Holdings Corporation ("NGHC") of the termination of the NGHC Quota Share, effective on that date. The Company and NGHC agreed that the termination is on a run-off basis, which means that Maiden Bermuda continues to earn premiums and remain liable for losses occurring subsequent to August 1, 2013 for any policies in force prior to and as of August 1, 2013, until those policies expire.

Divestiture of Maiden's Excess and Surplus ("E&S") Property Business

On April 22, 2013, we entered into a transaction with Brit Insurance ("Brit") whereby effective May 1, 2013, the Company and Brit's subsidiary, Brit Global Specialty, entered into a temporary 100% quota share reinsurance of E&S business written by Maiden. This arrangement will shortly transition in which Brit assumes the renewal rights of our E&S business through Brit Global Specialty USA ("BGSU"). BGSU will ultimately be writing the renewals of the assumed business into Brit Syndicates 2987. Employees of Maiden Specialty were transitioned to BGSU effective May 1, 2013. We have also entered into supporting transition services and agency agreements with BGSU as part of this transaction. The existing in force E&S business written by the Company as of April 30, 2013 is presently being run-off. In 2012, the annual E&S net premiums written by the Company totaled $19.6 million, which was 1.0% of our 2012 consolidated net premiums written.

Losses Incurred from Catastrophic Events

As we have described, our business model is designed to minimize our exposure to catastrophic property losses. Despite this approach, we periodically do incur losses from such events which exceed our provisions for normalized catastrophe activity.

In 2012, we incurred significant losses as a result of Superstorm Sandy which struck the Northeast U.S. on October 29, 2012. Maiden's exposure to this event emanated predominantly from the Company's excess property insurance business written by Maiden Specialty (we have now entered into a transaction to divest the Company of this business, as discussed above), and to a lesser extent from the U.S. assumed treaty reinsurance business written by Maiden US and the NGHC Quota Share. As of September 30, 2013, our estimate of ultimate losses for Superstorm Sandy was $31.1 million, unchanged from December 31, 2012.

There have been no other significant catastrophe losses in 2012 and 2013 above the Company's expected parameters which are incorporated into the pricing of our Maiden US accounts.

Issuance of Preference Shares - Series A

On August 22, 2012, we issued six million 8.25% Preference Shares - Series A, par value $0.01 per share, at $25 per share. The Company received net proceeds of $145.0 million from the offering, after deducting expenses and underwriting discounts of $5.0 million. The Preference Shares - Series A have no stated maturity date and are redeemable in whole or in part at the option of the Company any time on or after August 29, 2017 at a redemption price of $25 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The holders of the Preference Shares - Series A have no voting rights other than the right to elect up to two directors if preference share dividends are not declared and paid for six or more dividend periods. The Preference Shares - Series A have been listed on the New York Stock Exchange and trading commenced on August 31, 2012 under the symbol "MHPRA".

Third quarter and nine months ended September 30, 2013 Financial Highlights

For the Three Months Ended September 30,	**2013**	**2012**	**% Change**
Consolidated Results of Operations	($ in Millions except per share data)		
Net income attributable to Maiden common shareholders	$ 21.9	$ 21.9	—%
Operating earnings[(1)]	$ 22.7	$ 19.5	16.5%
Basic earnings per common share:			
Net income	$ 0.30	$ 0.30	—%
Operating earnings[(1)]	$ 0.31	$ 0.27	14.8%
Diluted earnings per common share:			
Net income	$ 0.30	$ 0.30	—%
Operating earnings[(1)]	$ 0.31	$ 0.27	14.8%
Dividends per common share	$ 0.09	$ 0.08	12.5%
Dividends per preference share - Series A	$ 0.515625	$ —	NM
Annualized operating return on average common shareholders' equity[(1)]	11.1%	9.1%	22.0%
Gross premiums written	$ 491.9	$ 478.5	2.8%
Net premiums earned	$ 508.1	$ 448.9	13.2%
Underwriting income	$ 15.2	$ 11.5	31.8%
Net investment income	$ 23.3	$ 21.6	7.9%

For the Nine Months Ended September 30,	**2013**	**2012**	**% Change**
Consolidated Results of Operations	($ in Millions except per share data)		
Net income attributable to Maiden common shareholders	$ 67.1	$ 56.8	18.0%
Operating earnings[(1)]	$ 64.2	$ 58.6	9.6%
Basic earnings per common share:			
Net income	$ 0.92	$ 0.79	16.5%
Operating earnings[(1)]	$ 0.88	$ 0.81	8.6%
Diluted earnings per common share:			
Net income	$ 0.91	$ 0.78	16.7%
Operating earnings[(1)]	$ 0.87	$ 0.80	8.8%
Dividends per common share	$ 0.27	$ 0.24	12.5%
Dividends per preference share - Series A	$ 1.546875	$ —	NM
Annualized operating return on average common shareholders' equity[(1)]	10.2%	9.5%	7.4%
Gross premiums written	$ 1,742.1	$ 1,537.0	13.3%
Net premiums earned	$ 1,509.8	$ 1,324.5	14.0%
Underwriting income	$ 47.4	$ 35.0	35.5%
Net investment income	$ 66.0	$ 60.1	9.8%

Consolidated Financial Condition	September 30, 2013		December 31, 2012		% Change
	($ in Millions except per share data)				
Total investments	$	2,679.3	$	2,621.6	2.2 %
Total assets	$	4,449.7	$	4,138.2	7.5 %
Reserve for loss and loss adjustment expenses	$	1,926.6	$	1,740.3	10.7 %
Total debt	$	333.9	$	333.8	0.01 %
Maiden common shareholders' equity	$	823.5	$	865.2	(4.8)%
Total capital resources(2)	$	1,307.4	$	1,349.0	(3.1)%
Book value per common share(3)	$	11.34	$	11.96	(5.2)%
Ratio of debt to total capital resources(4)		25.5%		24.7%	3.2 %

(1) Operating earnings, operating earnings per common share and operating return on average common equity are non-generally accepted accounting principles (GAAP) financial measures. See "*Non-GAAP Financial Measures*" for additional information and a reconciliation to the nearest U.S. GAAP financial measure (net income).

(2) Total capital resources is the sum of the Company's senior notes, junior subordinated debt and Maiden shareholders' equity. See "*Non-GAAP Financial Measures*" for additional information.

(3) Book value per common share is an operating metric. See "*Non-GAAP Financial Measures*" for additional information.

(4) Ratio of debt to total capital resources is a non-GAAP financial measures. Including the proceeds from Preference Shares - Series B of $160.1 million, on a pro-forma basis the Company's ratio of debt to capital resources would have been 22.8% as of September 30, 2013. See "*Non-GAAP Financial Measures*" for additional information.

Non-GAAP Financial Measures

In presenting the Company's results, management has included and discussed certain non-GAAP financial measures. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain the Company's results of operations in a manner that allows for a more complete understanding of the underlying trends in the Company's business. However these measures should not be viewed as a substitute for those determined in accordance with U.S. GAAP. These non-GAAP measures are:

Operating Earnings and Operating Earnings per Common Share: In addition to presenting net income determined in accordance with U.S. GAAP, we believe that showing operating earnings enables investors, analysts, rating agencies and other users of our financial information to more easily analyze our results of operations in a manner similar to how management analyzes our underlying business performance. Operating earnings should not be viewed as a substitute for U.S. GAAP net income. Operating earnings are an internal performance measure used in the management of our operations and represents operating results excluding, as applicable on a recurring basis, the following:

- Net realized and unrealized gains or losses on investment;
- Foreign exchange and other gains or losses;
- Amortization of intangible assets; and
- Non-cash deferred tax expenses.

We exclude net realized and unrealized gains or losses on investment and foreign exchange and other gains or losses as we believe that both are heavily influenced in part by market opportunities and other factors. We do not believe amortization of intangible assets are representative of our ongoing business. We believe all of these amounts are largely independent of our business and underwriting process and including them distorts the analysis of trends in our operations.

We also exclude certain non-recurring expenditures that are material to understanding our results of operations. For the three and nine months ended September 30, 2013 and 2012, there were no such non-recurring items. The following is a reconciliation of operating earnings to its most closely related GAAP measure, net income:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions except per share data)			
Net income attributable to Maiden common shareholders	$ 21.9	$ 21.9	$ 67.1	$ 56.8
Add (subtract):				
Net realized (gains) on investment	(0.5)	(2.4)	(3.7)	(0.8)
Foreign exchange and other (gains)	—	(1.2)	(2.6)	(1.3)
Amortization of intangible assets	1.0	1.1	2.8	3.3
Non-cash deferred tax expense	0.3	0.1	0.6	0.6
Operating earnings attributable to Maiden common shareholders	$ 22.7	$ 19.5	$ 64.2	$ 58.6
Operating earnings per common share:				
Basic operating earnings per common share	$ 0.31	$ 0.27	$ 0.88	$ 0.81
Diluted operating earnings per common share	$ 0.31	$ 0.27	$ 0.87	$ 0.80

Operating Return on Average Common Equity ("Operating ROACE"): Management uses operating return on average common shareholders' equity as a measure of profitability that focuses on the return to common shareholders. It is calculated using operating earnings available to common shareholders (as defined above) divided by average common shareholders' equity. Management has set as a target a long-term average of 15% Operating ROACE, which management believes provides an attractive return to shareholders for the risk assumed from our business. Operating ROACE for the three and nine months ended September 30, 2013 and 2012 is computed as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
Operating earnings attributable to common shareholders	$ 22.7	$ 19.5	$ 64.2	$ 58.6
Opening common shareholders’ equity	$ 806.4	$ 824.3	$ 865.2	$ 768.6
Ending common shareholders’ equity	$ 823.5	$ 877.8	$ 823.5	$ 877.8
Average common shareholders’ equity	$ 814.9	$ 851.1	$ 844.4	$ 823.2
Annualized Operating ROACE	11.1%	9.1%	10.2%	9.5%

Operating earnings attributable to common shareholders increased $3.2 million, or 16.5%, to $22.7 million and increased $5.6 million, or 9.6%, to $64.2 million for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012, mainly due to higher underwriting and investment income, partially offset by increases in interest expense, along with the payment of dividends on the Preference Shares - Series A issued in August 2012.

Book Value per Common Share: Management uses growth in book value per common share as a prime measure of the value the Company is generating for its common shareholders, as management believes that growth in the Company’s book value per common share ultimately results in growth in the Company’s common share price. Book value per common share is calculated using common shareholders’ equity (shareholders' equity excluding the aggregate liquidation value of our preference shares) divided by the number of common shares outstanding. Book value per common share is impacted by the Company’s net income and external factors such as interest rates, which can drive changes in unrealized gains or losses on its investment portfolio. The 5.2% decrease in book value per common share for the nine months ended September 30, 2013 was principally the result of a decline of $92.5 million in accumulated other comprehensive income, resulting primarily from a decline in the value of fixed income securities accounted for on an available-for-sale ("AFS") basis, the result of rising interest rates during 2013 (see "*Liquidity and Capital Resources - Investments"* on page 63 for further information). Book value per common share as of September 30, 2013 and December 31, 2012 is computed as follows:

	September 30, 2013	December 31, 2012
	($ in Millions except per share data)	
Ending common shareholders’ equity	$ 823.5	$ 865.2
Common shares outstanding	72,613,048	72,343,947
Book value per common share	$ 11.34	$ 11.96

Ratio of Debt to Total Capital Resources: Management uses the Ratio of Debt to Total Capital Resources to monitor the financial leverage of the Company. This measure is calculated using total debt divided by the the sum of total Maiden shareholders' equity and total debt. Ratio of Debt to Total Capital Resources as of September 30, 2013 and December 31, 2012 is computed as follows:

	September 30, 2013		December 31, 2012	
	($ in Millions)			
Senior notes	$	207.5	$	207.5
Junior subordinated debt		126.4		126.3
Maiden shareholders' equity		973.5		1,015.2
Total capital resources	$	1,307.4	$	1,349.0
Ratio of debt to total capital resources		25.5%		24.7%

On a pro-forma basis the Ratio of Debt to Total Capital Resources would have been 22.8% after giving effect to the Preference Shares - Series B which were fully issued on October 3, 2013. This represents a decrease of 2.7 percentage points compared to the ratio of 25.5% as of September 30, 2013 and a decrease of 1.9 percentage points compared to the ratio of 24.7% as of December 31, 2012.

Certain Operating Measures

Underwriting Income and Combined Ratio: The combined ratio is used in the insurance and reinsurance industry as a measure of underwriting profitability. Management measures underwriting results on an overall basis and for each segment on the basis of the combined ratio. The combined ratio is the sum of the net loss and loss expense ratio and the expense ratio and the computations of each component are described below. A combined ratio under 100% indicates underwriting profitability, as the net loss and loss adjustment expenses, commission and other acquisition expenses and general and administrative expenses are less than the net premiums earned and other insurance revenue on that business. We have generated underwriting income in each year since our inception. Underwriting income is calculated by subtracting net loss and loss adjustment expenses, commissions and other acquisition expenses and applicable general and administrative expenses from the net premiums earned and other insurance revenue and is the monetized counterpart of the combined ratio.

For purposes of these operating measures, the fee-generating business which is included in the Diversified Reinsurance segment, is considered part of the underwriting operations of the Company. Certain portions of the fee business are directly associated with the underlying reinsurance contracts recorded in the Diversified Reinsurance segment. To the extent that the fees are generated on underlying insurance contracts sold to third parties that are then ceded under quota share reinsurance contracts to Maiden Bermuda, a proportionate share of the fee is offset against the related acquisition expense. To the extent that fee business is not directly associated with premium revenue generated under the applicable reinsurance contracts, that fee revenue is separately reported on the line captioned "Other insurance revenue" in the Company's unaudited Condensed Consolidated Statements of Income.

While an important metric of success, underwriting income and combined ratio do not reflect all components of profitability, as they do not recognize the impact of investment income earned on premiums between the time premiums are received and the time loss payments are ultimately paid to clients. Because we do not manage our cash and investments by segment, investment income and interest expense are not allocated to individual reportable segments. Certain general and administrative expenses are allocated to segments based on various factors, including staff count and each segment's proportional share of gross premiums written.

The "net loss and loss adjustment expense ratio" is derived by dividing net loss and loss adjustment expenses by the sum of net premiums earned and other insurance revenue. The "commission and other acquisition expense ratio" is derived by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue. The "general and administrative expense ratio" is derived by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue. The "expense ratio" is the sum of the commission and other acquisition expense ratio and the general and administrative expense ratio.

Relevant Factors

Revenues

We derive our revenues primarily from premiums on our insurance policies and reinsurance contracts, net of any reinsurance or retrocessional coverage purchased. Insurance and reinsurance premiums are a function of the amounts and types of policies and contracts we write, as well as prevailing market prices. Our prices are determined before our ultimate costs, which may extend far into the future, are known.

The Company's revenues also include fee income as well as income generated from its investment portfolio. The Company's investment portfolio is comprised of fixed maturity investments, held as AFS, and other investments held in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 944, "Financial Services" ("ASC 944"). In accordance with U.S. GAAP, these investments are carried at fair market value and unrealized gains and losses on the Company's investments are generally excluded from earnings. These unrealized gains and losses are included on the Company's

Condensed Consolidated Balance Sheet in accumulated other comprehensive income as a separate component of shareholders' equity. If unrealized losses are considered to be other-than-temporarily impaired, such losses are included in earnings as a realized loss.

Expenses

Our expenses consist largely of net loss and loss adjustment expenses, commission and other acquisition expenses, general and administrative expenses, interest and amortization expenses, amortization of intangible assets and foreign exchange and other gains or losses. Net loss and loss adjustment expenses are comprised of three main components:

- losses paid, which are actual cash payments to insureds, net of recoveries from reinsurers;
- change in outstanding loss or case reserves, which represent management’s best estimate of the likely settlement amount for known claims, less the portion that can be recovered from reinsurers; and
- change in IBNR reserves, which are reserves established by us for changes in the values of claims that have been reported to us but are not yet settled, as well as claims that have occurred but have not yet been reported. The portion recoverable from reinsurers is deducted from the gross estimated loss.

Commission and other acquisition expenses are comprised of commissions, brokerage fees and insurance taxes. Commissions and brokerage fees are usually calculated as a percentage of premiums and depend on the market and line of business and can, in certain instances, vary based on loss sensitive features of reinsurance contracts. Commission and other acquisition expenses are reported after: (1) deducting commissions received on ceded reinsurance; (2) deducting the part of commission and other acquisition expenses relating to unearned premiums; and (3) including the amortization of previously deferred commission and other acquisition expenses.

General and administrative expenses include personnel expenses (including share-based compensation charges), rent expense, professional fees, information technology costs and other general operating expenses.

Critical Accounting Policies and Estimates

It is important to understand our accounting policies in order to understand our financial position and results of operations. The Company's unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. If actual events differ significantly from the underlying assumptions and estimates used by management, there could be material adjustments to prior estimates that could potentially adversely affect the Company's results of operations, financial condition and liquidity. The Company's critical accounting policies and estimates are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with SEC. The critical accounting policies and estimates should be read in conjunction with Note 2, Recent Accounting Pronouncements in the unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q and Note 2, Significant Accounting Policies, included in the audited Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC. There have been no material changes in the application of our critical accounting estimates subsequent to that report.

Results of Operations

The following table sets forth our selected unaudited Condensed Consolidated Statement of Income data for each of the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
Gross premiums written	$ 491.9	$ 478.5	$ 1,742.1	$ 1,537.0
Net premiums written	$ 463.4	$ 455.8	$ 1,650.4	$ 1,458.6
Net premiums earned	$ 508.1	$ 448.9	$ 1,509.8	$ 1,324.5
Other insurance revenue	3.3	2.6	11.3	9.7
Net loss and loss adjustment expenses	(341.6)	(309.1)	(1,019.9)	(897.5)
Commission and other acquisition expenses	(144.2)	(120.9)	(420.1)	(367.8)
General and administrative expenses	(10.4)	(10.0)	(33.7)	(33.9)
Total underwriting income	15.2	11.5	47.4	35.0
Other general and administrative expenses	(2.9)	(3.6)	(10.5)	(8.7)
Net investment income	23.3	21.6	66.0	60.1
Net realized gains on investments	0.5	2.4	3.7	0.8
Amortization of intangible assets	(1.0)	(1.1)	(2.8)	(3.3)
Foreign exchange and other gains	—	1.2	2.6	1.3
Interest and amortization expenses	(9.6)	(9.6)	(28.7)	(26.8)
Income tax expense	(0.5)	(0.5)	(1.2)	(1.5)
Income attributable to noncontrolling interests	—	—	(0.1)	(0.1)
Dividends on preference shares	(3.1)	—	(9.3)	—
Net income attributable to Maiden common shareholders	$ 21.9	$ 21.9	$ 67.1	$ 56.8
Ratios				
Net loss and loss adjustment expense ratio*	66.8%	68.5%	67.0%	67.3%
Commission and other acquisition expense ratio**	28.2%	26.8%	27.6%	27.6%
General and administrative expense ratio***	2.6%	2.9%	3.0%	3.1%
Expense ratio****	30.8%	29.7%	30.6%	30.7%
Combined ratio*****	97.6%	98.2%	97.6%	98.0%

* Calculated by dividing net loss and loss adjustment expenses by the sum of net premiums earned and other insurance revenue.

** Calculated by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue.

*** Calculated by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue.

**** Calculated by adding together commission and other acquisition expense ratio and general and administrative expense ratio.

***** Calculated by adding together net loss and loss adjustment expense ratio and the expense ratio.

Net Income

Net income attributable to Maiden common shareholders for the three and nine months ended September 30, 2013 was $21.9 million and $67.1 million compared to $21.9 million and $56.8 million for the same periods in 2012, respectively. The higher net income during the nine months ended September 30, 2013 compared to the same period in 2012 was primarily due to improvements in our underwriting and investment income, offset by dividends on Preference Shares - Series A in 2013.

The improvement in underwriting income in both periods reflects the continuing premium growth of the Company along with stable combined ratios. Despite lower overall portfolio yields, the improvement in investment income reflects the 11.7% and 15.8% increase in average invested assets for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012.

We evaluate our business by operating segments, Diversified Reinsurance, AmTrust Quota Share Reinsurance and the NGHC Quota Share (please see "*Recent Developments - NGHC Quota Share Reinsurance Agreement*" on page 43 for additional information on this segment).

Net Premiums Written

Net premiums written increased by $7.6 million, or 1.7%, and $191.8 million, or 13.1%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The increase in net premiums written was primarily the result of strong growth in business written in the AmTrust Quota Share Reinsurance segment offset by reductions in our business written in both the Diversified Reinsurance and the NGHC Quota Share segments. The following tables compare net premiums written by segment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
	($ in Millions)		($ in Millions)		($ in Millions)	
Diversified Reinsurance	$ 185.6	40.1%	$ 193.9	42.5%	$ (8.3)	(4.3)%
AmTrust Quota Share Reinsurance	259.6	56.0%	186.3	40.9%	73.3	39.4 %
NGHC Quota Share	18.2	3.9%	75.6	16.6%	(57.4)	(76.0)%
Total	$ 463.4	100.0%	$ 455.8	100.0%	$ 7.6	1.7 %

For the Nine Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
	($ in Millions)		($ in Millions)		($ in Millions)	
Diversified Reinsurance	$ 588.2	35.6%	$ 626.2	42.9%	$ (38.0)	(6.1)%
AmTrust Quota Share Reinsurance	895.0	54.3%	607.9	41.7%	287.1	47.2 %
NGHC Quota Share	167.2	10.1%	224.5	15.4%	(57.3)	(25.5)%
Total	$ 1,650.4	100.0%	$ 1,458.6	100.0%	$ 191.8	13.1 %

The increases in the net premiums written in the AmTrust Quota Share Reinsurance segment for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012 reflects the continued combination of AmTrust's expansion through acquisition and ongoing organic growth, both of which are benefiting from improved rate levels, particularly in its workers' compensation business.

Net premiums written in our Diversified Reinsurance Segment, primarily Maiden US, decreased by $8.3 million, or 4.3%, and $38.0 million, or 6.1%, during the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012, largely due to non-renewals of certain accounts which were partially offset by limited new account activity. Within the Diversified Reinsurance segment, our Maiden US business experienced a decrease in premiums written for the three and nine months ended September 30, 2013 of $5.6 million, or 3.4%, and $30.5 million, or 5.7%, respectively, compared to the same periods in 2012. While Maiden US wrote a number of new excess of loss accounts at January 1, 2013, premiums from these new accounts were more than offset by a loss in premium from several large proportional U.S. reinsurance contracts that no longer met Maiden US' profitability criteria and were non-renewed in the second half of 2012 and the sale of the E&S business effective May 1, 2013.

The decrease in the net premiums written in the NGHC Quota Share segment for both the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012, was due to the termination, effective August 1, 2013, of Maiden Bermuda's participation in the NGHC Quota Share. The Company and NGHC agreed that the termination is on a run-off basis, meaning Maiden Bermuda will receive 25% of the net premiums and assume 25% of the related net losses with respect to the policies in force as of August 1, 2013 through the expiration of the policies.

Net Premiums Earned

Net premiums earned increased by $59.2 million, or 13.2%, and $185.3 million, or 14.0%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The increase in net premiums written was primarily the result of strong growth in business written in the AmTrust Quota Share Reinsurance segment offset by reductions in our business written in both the Diversified Reinsurance and the NGHC Quota Share segments. The following tables compare net premiums earned by segment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013			2012			Change in		
	Total		% of Total	Total		% of Total	$		%
	($ in Millions)			($ in Millions)			($ in Millions)		
Diversified Reinsurance	$	199.0	39.2%	$	200.0	44.5%	$	(1.0)	(0.5)%
AmTrust Quota Share Reinsurance		243.4	47.9%		177.2	39.5%		66.2	37.3 %
NGHC Quota Share		65.7	12.9%		71.7	16.0%		(6.0)	(8.2)%
Total	$	508.1	100.0%	$	448.9	100.0%	$	59.2	13.2 %

For the Nine Months Ended September 30,	2013			2012			Change in		
	Total		% of Total	Total		% of Total	$		%
	($ in Millions)			($ in Millions)			($ in Millions)		
Diversified Reinsurance	$	573.5	37.9%	$	603.5	45.6%	$	(30.0)	(5.0)%
AmTrust Quota Share Reinsurance		725.1	48.1%		513.0	38.7%		212.1	41.3 %
NGHC Quota Share		211.2	14.0%		208.0	15.7%		3.2	1.5 %
Total	$	1,509.8	100.0%	$	1,324.5	100.0%	$	185.3	14.0 %

The increases in the net premiums earned in the AmTrust Quota Share Reinsurance segment, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012 reflect the continued combination of AmTrust's expansion through acquisition and ongoing organic growth, both of which are benefiting from improved rate levels, particularly in its workers' compensation business.

Net premiums earned in our Diversified Reinsurance Segment, primarily Maiden US, decreased by $1.0 million, or 0.5%, and $30.0 million, or 5.0%, during the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012, largely due to non-renewals of certain accounts which were partially offset by limited new account activity. Within the Diversified Reinsurance segment, Maiden US, as previously noted, experienced a loss in premium from several large proportional reinsurance contracts that no longer met Maiden US' profitability criteria and were non-renewed in the second half of 2012. These measures, combined with the sale of Maiden US E&S business in May 2013, resulted in a decline in earned premium of $0.8 million, or 0.5%, and $28.7 million, or 5.5%, during the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. Additionally, reduced writings by the Company's international operations in 2012, as certain accounts reduced in size or were non-renewed affected earned premiums in 2013.

The NGHC Quota Share segment's net premiums earned decreased by $6.0 million, or 8.2%, but increased by $3.2 million, or 1.5%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The decrease for the three months ended September 30, 2013, compared to the same period in 2012, was as a result of the termination of Maiden Bermuda's participation in the NGHC Quota Share effective August 1, 2013. The net premiums earned for the nine months ended September 30, 2013 increased compared to the same period in 2012 due to an increase in the level of net premiums written up to August 1, 2013 in comparison to the same period in 2012.

Other Insurance Revenue

Other insurance revenue, which represents the fee business that is not directly associated with premium revenue assumed by the Company, increased $0.7 million, or 24.8%, and $1.6 million, or 16.7%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. Revenue from our German auto business represented 64.5% and 67.8% of the total other insurance revenue for the three and nine months ended September 30, 2013, respectively, compared to 76.0% and 78.6% in the same periods in 2012, respectively. Other insurance revenue from the German auto business increased by $0.1 million, or 6.0% for the three months ended September 30, 2013, while remaining flat for the nine months ended September 30, 2013 compared to the same period in 2012. In addition, other insurance revenue earned by our remaining operations increased $0.5 million, or 125.4%, and $1.2 million, or 88.1%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012.

Net Investment Income and Net Realized Gains on Investment

Net Investment Income - Net investment income increased by $1.7 million, or 7.9%, and $5.9 million, or 9.8%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The following table details the Company's average invested assets and average book yield for the three and nine months ended September 30, 2013 compared to the same periods in 2012:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
Average invested assets	$ 3,189.9	$ 2,855.6	$ 3,118.7	$ 2,694.2
Average book yield*	2.8%	3.0%	2.8%	3.0%

*Ratio of net investment income over average invested assets, at fair value, including cash and cash equivalents and loan to related party.

Despite lower overall portfolio yields, the increase in net investment income for the three and nine months ended September 30, 2013 compared to the same periods in 2012 is the result of the growth in average invested assets of 11.7% and 15.8% for the three and nine months ended September 30, 2013, respectively. The growth in average invested assets during these periods is the result of: 1) our continued profitable growth; 2) strong positive cash flow from operations during the periods reported; and 3) the issuance of the 2012 Senior Notes and the Preference Shares - Series A.

Despite the increase in invested assets, the effects of the historically low interest rates continue to limit the growth in investment income in the three and nine months ended September 30, 2013 compared to the same periods in 2012. In addition, to mitigate the effects of ongoing volatility in interest rate levels experienced during 2013, the Company maintained elevated levels of cash and cash equivalents during the three months ended September 30, 2013, which also contributed to lower overall portfolio yields during the period.

Growth in net investment income was also negatively impacted, particularly for the nine months ended September 30, 2013, by increased levels of amortization of the Company’s U.S. agency mortgage-backed portfolio, which have primarily been acquired at a premium to face value. The rate of amortization accelerated due to increased prepayments on these securities in excess of initially expected levels thereby increasing amortization charges by $2.6 million for the nine months ended September 30, 2013, compared to the same period in 2012.

Net Realized Gains on Investment - Net realized gains on investment were $0.5 million and $3.7 million for the three and nine months ended September 30, 2013, respectively, compared to net realized gains of $2.4 million and $0.8 million for the same periods in 2012, respectively. See "*Liquidity and Capital Resources - Investments"* on page 63 for further information.

Net Loss and Loss Adjustment Expenses

Net loss and loss adjustment expenses increased by $32.5 million or 10.5% and $122.4 million, or 13.6%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The net loss and loss adjustment expense ratios were 66.8% and 67.0% for the three and nine months ended September 30, 2013 compared to 68.5% and 67.3% for the same periods in 2012, respectively. The decrease in the net loss and loss adjustment expense ratios for the three and nine months ended September 30, 2013 principally came from the AmTrust Quota Share Reinsurance segment and was slightly offset by higher net loss and loss adjustment expense ratios for the nine months ended September 30, 2013 in both the Diversified Reinsurance segment, in particular Maiden US, and in the NGHC Quota Share segment. The Company amortized gains as a reduction of losses assumed from the acquired reinsurance operations of GMAC Insurance (the "GMAC Acquisition") and the acquisition of the majority of the reinsurance-related infrastructure, assets and liabilities of the U.K.-based GMAC International Insurance Services, Ltd. (the "IIS Acquisition") of $8.1 million and $14.1 million for the three and nine months ended September 30, 2013, respectively, compared to $4.8 million and $12.1 million for the same periods in 2012, respectively.

Commission and Other Acquisition Expenses

Commission and other acquisition expenses increased by $23.3 million, or 19.2%, and $52.3 million, or 14.2%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The commission and other acquisition expense ratio increased to 28.2% for the three months ended September 30, 2013 compared to 26.8% for the same period in 2012 but remained flat at 27.6% for the nine months ended September 30, 2013, and 2012. The change in the amount of expenses incurred reflects the continuing premium growth of the Company's business as discussed while the change in the ratio largely reflects: (1) continued growth and ongoing changes in the mix of business in the AmTrust Quota Share Reinsurance segment; (2) modifications made to the ceding commission of the NGHC Quota Share agreement effective October 1, 2012 and the AmTrust Quota Share Reinsurance Agreement, effective January 1, 2013; and (3) the impact of loss sensitive features on ceding commission in the Diversified Reinsurance segment, in particular on business written by Maiden US, due to improvements in the loss ratios for a number of contracts in that segment.

General and Administrative Expenses

General and administrative expenses include expenses which are segregated for analytical purposes as a component of underwriting income. General and administrative expenses comprise:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
General and administrative expenses – segments	$ 10.4	$ 10.0	$ 33.7	$ 33.9
General and administrative expenses – corporate	2.9	3.6	10.5	8.7
Total general and administrative expenses	$ 13.3	$ 13.6	$ 44.2	$ 42.6

Total general and administrative expenses decreased by $0.3 million, or 2.4%, for the for the three months ended September 30, 2013, compared to the same period in 2012, and increased by $1.6 million, or 3.6%, for the nine months ended September 30, 2013 compared to the same period in 2012. The increase in total general and administrative expenses is primarily a result of increases in payroll and technology expenses offset by decreases in office and other professional fees. The general and administrative expense ratio is 2.6% and 3.0% for the three and nine months ended September 30, 2013 compared to 2.9% and 3.1% in the same periods in 2012, respectively. The decrease in the ratio for the three and nine months ended September 30, 2013 reflects the continuing growth of larger quota share accounts which enable the Company to operate more efficiently.

Interest and Amortization Expense

The interest and amortization expense for the three and nine months ended September 30, 2013 and 2012 consist of:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
TRUPS Offering	$ 5.4	$ 5.4	$ 16.0	$ 16.0
Senior Note Offerings	4.2	4.2	12.7	10.8
Total	$ 9.6	$ 9.6	$ 28.7	$ 26.8

The increase in interest and amortization expense for the nine months ended September 30, 2013 compared to the same period in 2012 was due to the issuance of the 2012 Senior Notes on March 27, 2012; therefore we did not have a full quarter charge in the first quarter of 2012. The weighted average interest rate was 11.47% for both the three and nine months ended September 30, 2013 compared to 11.47% and 11.83% for the same periods in 2012, respectively.

Income Tax Expense

The Company recorded a current income tax expense of $0.1 million and $0.7 million for the three and nine months ended September 30, 2013, respectively, compared to $0.4 million and $0.9 million for the three and nine months ended September 30, 2012, respectively. These amounts relate to income tax on the earnings of its international subsidiaries and state taxes incurred by its U.S. subsidiaries. The effective rate of current income tax was 0.5% and 0.8% for the three and nine months ended September 30, 2013, respectively, compared to 1.8% and 1.5% for the same periods in 2012, respectively.

The Company recorded a net deferred tax expense of $0.4 million and $0.5 million for the three and nine months ended September 30, 2013, respectively, compared to $0.1 million and $0.6 million for the same periods in 2012, respectively. The net deferred tax expense arises due to the goodwill associated with the Company's acquisition of its U.S. subsidiaries, and is offset by timing differences on recognition of certain items relating to our subsidiaries in Germany. The effect of the deferred tax expenses will be reversed as: (1) we develop U.S. taxable income to permit recognition of the net deferred tax asset on our balance sheet; and (2) the amortization period of the goodwill for tax purposes is exhausted.

Dividends on Preference Shares - Series A

The Company declared and paid dividends on the Preference Shares - Series A, which were issued on August 22, 2012, of $3.1 million and $9.3 million for the three and nine months ended September 30, 2013, respectively.

Underwriting Results by Operating Segment

The results of operations for our three segments, Diversified Reinsurance, AmTrust Quota Share Reinsurance and NGHC Quota Share are discussed below.

Diversified Reinsurance Segment

The following table summarizes the underwriting results and associated ratios for the Diversified Reinsurance segment for the three and nine months ended September 30, 2013 and 2012:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
Net premiums written	$ 185.6	$ 193.9	$ 588.2	$ 626.2
Net premiums earned	$ 199.0	$ 200.0	$ 573.5	$ 603.6
Other insurance revenue	3.3	2.6	11.3	9.7
Net loss and loss adjustment expenses	(137.1)	(141.6)	(398.7)	(412.4)
Commission and other acquisition expenses	(51.7)	(47.8)	(140.9)	(159.9)
General and administrative expenses	(9.7)	(9.3)	(31.6)	(31.9)
Underwriting income	$ 3.8	$ 3.9	$ 13.6	$ 9.1
Ratios				
Net loss and loss adjustment expense ratio	67.8%	69.9%	68.2%	67.3%
Commission and other acquisition expense ratio	25.5%	23.6%	24.1%	26.1%
General and administrative expense ratio	4.8%	4.5%	5.4%	5.1%
Expense ratio	30.3%	28.1%	29.5%	31.2%
Combined ratio	98.1%	98.0%	97.7%	98.5%

The combined ratio was generally stable for the three months ended September 30, 2013, compared to the same period in 2012 and improved to 97.7% for the nine months ended September 30, 2013, compared to 98.5% for the same period in 2012. The improved results for the nine months ended September 30, 2013 reflects improved experience in both current and prior underwriting years. The change in the components of the combined ratios reflect adjustments to ceding commission for contacts with loss sensitive features, the combined effects of commutation of certain accounts and to a limited extent, a greater proportion of premium from excess of loss contracts compared to the same periods in 2012.

Premiums - Net premiums written decreased by $8.3 million, or 4.3%, and $38.0 million, or 6.1%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The following tables show net premiums written by line of business in this segment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Millions)		($ in Millions)		($ in Millions)	
Property	$ 26.8	14.4%	$ 41.7	21.5%	$ (14.9)	(35.7)%
Casualty	122.6	66.0%	114.6	59.1%	8.0	6.9 %
Accident and Health	9.0	4.9%	9.2	4.7%	(0.2)	(1.5)%
International	27.2	14.7%	28.4	14.7%	(1.2)	(4.4)%
Total Diversified Reinsurance	$ 185.6	100.0%	$ 193.9	100.0%	$ (8.3)	(4.3)%

For the Nine Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Millions)		($ in Millions)		($ in Millions)	
Property	$ 112.9	19.2%	$ 157.6	25.2%	$ (44.7)	(28.4)%
Casualty	359.8	61.2%	349.4	55.8%	10.4	3.0 %
Accident and Health	31.7	5.4%	34.5	5.5%	(2.8)	(8.2)%
International	83.8	14.2%	84.7	13.5%	(0.9)	(1.1)%
Total Diversified Reinsurance	$ 588.2	100.0%	$ 626.2	100.0%	$ (38.0)	(6.1)%

Our Maiden US business experienced a decrease in premiums written for the three and nine months ended September 30, 2013 of $5.6 million, or 3.4%, and $30.5 million, or 5.7%, respectively, compared to the same periods in 2012. Maiden US wrote a number of new excess of loss accounts at January 1, 2013, which was more than offset by a loss of premium from several large proportional reinsurance contracts that no longer met Maiden US' profitability criteria and were non-renewed in the second half of 2012.

The following tables show net premiums earned by line of business in this segment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	**2013**		**2012**		**Change in**	
	Total	**% of Total**	**Total**	**% of Total**	**$**	**%**
Net Premiums Earned	($ in Millions)		($ in Millions)		($ in Millions)	
Property	$ 41.7	20.9%	$ 50.7	25.3%	$ (9.0)	(17.8)%
Casualty	126.1	63.4%	119.6	59.8%	6.5	5.5 %
Accident and Health	9.0	4.5%	11.2	5.6%	(2.2)	(19.5)%
International	22.2	11.2%	18.5	9.3%	3.7	19.6 %
Total Diversified Reinsurance	$ 199.0	100.0%	$ 200.0	100.0%	$ (1.0)	(0.5)%

For the Nine Months Ended September 30,	**2013**		**2012**		**Change in**	
	Total	**% of Total**	**Total**	**% of Total**	**$**	**%**
Net Premiums Earned	($ in Millions)		($ in Millions)		($ in Millions)	
Property	$ 117.0	20.4%	$ 164.7	27.3%	$ (47.7)	(29.0)%
Casualty	360.0	62.7%	334.5	55.4%	25.5	7.6 %
Accident and Health	27.3	4.8%	32.5	5.4%	(5.2)	(15.9)%
International	69.2	12.1%	71.8	11.9%	(2.6)	(3.5)%
Total Diversified Reinsurance	$ 573.5	100.0%	$ 603.5	100.0%	$ (30.0)	(5.0)%

The decline in net earned premiums was principally from Maiden US, which experienced a decline of $0.8 million, or 0.5%, and $28.7 million, or 5.5%, during three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. This decrease was due to the loss of several large proportional reinsurance contracts that no longer met Maiden US' profitability criteria and were non-renewed in the second half of 2012. Additionally, the remainder of the decline in earned premiums reflects reduced writings by the Company's international operations in 2012, as certain accounts reduced in size or were non-renewed, affected earned premiums in 2013.

Other Insurance Revenue - Other insurance revenue, which represents the fee business that is not directly associated with premium revenue assumed by the Company, increased $0.7 million, or 24.8%, and $1.6 million, or 16.7%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. Revenue from our German auto business represented 64.5% and 67.8% of the total other insurance revenue for the three and nine months ended September 30, 2013, respectively, compared to 76.0% and 78.6% in the same periods in 2012, respectively. Other insurance revenue from the German auto business increased by $0.1 million, or 6.0%, for the three months ended September 30, 2013, while remaining flat for the nine months ended September 30, 2013 compared to the same period in 2012. In addition, other insurance revenue earned by our remaining operations increased $0.5 million, or 125.4%, and $1.2 million, or 88.1%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012.

Net Loss and Loss Adjustment Expenses - Net loss and loss adjustment expenses decreased by $4.5 million, or 3.2%, and $13.7 million, or 3.3%, for the three and nine months ended September 30, 2013, respectively compared to the same periods in 2012. Net loss and loss adjustment expense ratios were 67.8% and 68.2% for the three and nine months ended September 30, 2013 compared to 69.9% and 67.3% in the same periods in 2012, respectively.

The Company amortized gains as a reduction of losses assumed from the GMAC Acquisition and the IIS Acquisition of $8.1 million and $14.1 million for the three and nine months ended September 30, 2013, respectively, compared to $4.8 million and $12.1 million for the same periods in 2012.

Commission and Other Acquisition Expenses - Commission and other acquisition expenses decreased by $3.9 million,or 8.1%, and $19.0 million, or 11.9%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The commission and other acquisition expense ratio were 25.5% and 24.1% for the three and nine months ended September 30, 2013, respectively, compared to 23.6% and 26.1% in the same periods in 2012, respectively. The increase during the three months ended September 30, 2013 was due to a higher proportion of proportional reinsurance contracts being written compared to excess of loss contracts, which generally carry lower commission rates. On the other hand, the decrease during the nine month period reflects the reduction in premiums earned for the segment in 2013 compared to the same period in 2012, consistent with the reasons cited in the discussion of the change in earned premiums.

Lower ceding commissions were recorded for the nine months ended September 30, 2013 compared to the same period in 2012 as a result of loss sensitive features on certain contracts, in particular business written by Maiden US. This was due to higher loss ratios on contracts with these features. For the three and nine months ended September 30, 2013, 57.9% and 53.5%, respectively, of Maiden US net premiums written have loss sensitive features, which results in lower ceding commissions when loss ratios increase. For the three and nine months ended September 30, 2013, the net effect of loss sensitive features on Maiden US reinsurance contracts reduced ceding commissions by $0.7 million and $9.9 million, respectively, compared to $3.8 million and $11.8 million during the three and nine months ended September 30, 2012, respectively.

General and Administrative Expenses - General and administrative expenses increased by $0.4 million, or 4.7%, for the three months ended September 30, 2013 and decreased $0.3 million, or 0.7%, for the nine months ended September 30, 2013, compared to the same periods in 2012, respectively. The general and administrative expense ratio was 4.8% and 5.4% for the three and nine months ended September 30, 2013 compared to 4.5% and 5.1% in the same periods in 2012, respectively. The increase in the ratios is due to the decline in premiums earned exceeding the decline in general and administrative expenses during the three and nine months ended September 30, 2013. The overall expense ratio (including commission and other acquisition expenses) was 30.3% and 29.5% and 28.1% and 31.2% for the three and nine months ended September 30, 2013 and 2012, respectively.

AmTrust Quota Share Reinsurance Segment

The AmTrust Quota Share Reinsurance segment continues to experience strong profitable growth during the three and nine months ended September 30, 2013 compared to the same periods in 2012. The combined ratio decreased slightly to 95.6% for both the three and nine months ended September 30, 2013, respectively, compared to 97.0% and 96.4% for the same periods in 2012, respectively, generally reflecting this segment's stable combined loss ratios and the continued improvement in pricing that AmTrust is experiencing in certain lines of business, particularly workers' compensation. The changes in the components of the combined ratio reflect ongoing changes in this segment's mix of business and modifications to the Reinsurance Agreement's ceding commission described below.

The following table summarizes the underwriting results and associated ratios for the AmTrust Quota Share Reinsurance segment for three and nine months ended September 30, 2013 and 2012:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
Net premiums written	$ 259.6	$ 186.3	$ 895.0	$ 607.9
Net premiums earned	$ 243.4	$ 177.2	$ 725.1	$ 513.0
Net loss and loss adjustment expenses	(160.2)	(120.9)	(478.8)	(350.6)
Commission and other acquisition expenses	(71.9)	(50.5)	(213.2)	(142.3)
General and administrative expenses	(0.5)	(0.5)	(1.5)	(1.4)
Underwriting income	$ 10.8	$ 5.3	$ 31.6	$ 18.7
Ratios				
Net loss and loss adjustment expense ratio	65.8%	68.2%	66.0%	68.3%
Commission and other acquisition expense ratio	29.5%	28.5%	29.4%	27.7%
General and administrative expense ratio	0.3%	0.3%	0.2%	0.4%
Expense ratio	29.8%	28.8%	29.6%	28.1%
Combined ratio	95.6%	97.0%	95.6%	96.4%

On March 7, 2013, after receipt of approval from each of the Company's and AmTrust's Audit Committees, the Company and AmTrust executed an amendment to the Reinsurance Agreement, which provides for the extension of the term of the Reinsurance Agreement to July 1, 2016. The amendment further provides that, effective January 1, 2013, AmTrust International Insurance, Ltd. ("AII") will receive a ceding commission of 31% of ceded written premiums with respect to all Covered Business other than retail commercial package business, for which the ceding commission will remain 34.375%. Though this commission adjustment eliminates its variable feature, the Company anticipates operating for the foreseeable future at that commission rate. Lastly, with regards to the Specialty Program portion of Covered Business only, excluding workers' compensation business included in the AmTrust's Specialty Program segment from July 1, 2007 through December 31, 2012, AmTrust will be responsible for ultimate net loss otherwise recoverable from Maiden Bermuda to the extent that the loss ratio to Maiden Bermuda, which shall be determined on an inception to date basis from July 1, 2007 through the date of calculation, is between 81.5% and 95%. Above and below the defined corridor, the Company will continue to reinsure losses at its proportional 40% share per the Reinsurance Agreement. The Company believes that these contract revisions will help to maintain the stability of the overall performance for the Reinsurance Agreement.

Premiums - Net premiums written increased by $73.3 million, or 39.4%, and $287.1 million, or 47.2%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. This increase reflects the continued combination of AmTrust's expansion through acquisition and ongoing organic growth, both of which are benefiting from improved rate levels, particularly in workers' compensation.

The following tables show net premiums written by AmTrust's segments for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Millions)		($ in Millions)		($ in Millions)	
Small Commercial Business	$ 136.7	52.7%	$ 84.1	45.1%	$ 52.6	62.7 %
Specialty Program	41.7	16.0%	14.9	8.0%	26.8	179.3 %
Specialty Risk and Extended Warranty	81.2	31.3%	87.3	46.9%	(6.1)	(7.0)%
Total AmTrust Quota Share Reinsurance	$ 259.6	100.0%	$ 186.3	100.0%	$ 73.3	39.4 %

For the Nine Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Millions)		($ in Millions)		($ in Millions)	
Small Commercial Business	$ 434.9	48.6%	$ 256.2	42.1%	$ 178.7	69.8%
Specialty Program	115.3	12.9%	63.9	10.5%	51.4	80.5%
Specialty Risk and Extended Warranty	344.8	38.5%	287.8	47.4%	57.0	19.8%
Total AmTrust Quota Share Reinsurance	$ 895.0	100.0%	$ 607.9	100.0%	$ 287.1	47.2%

Net premiums earned increased by $66.2 million, or 37.3%, and $212.1 million, or 41.3%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The increase in net premiums earned arises in each of the three components of the AmTrust Quota Share Reinsurance segment for the nine months ended September 30, 2013. The overall increase reflects the ongoing growth of business written under the Reinsurance Agreement and European Hospital Liability Quota Share in 2012 and 2013, as previously described.

The following tables show net premiums earned by line of business for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Earned	($ in Millions)		($ in Millions)		($ in Millions)	
Small Commercial Business	$ 130.5	53.6%	$ 81.3	45.9%	$ 49.2	60.5 %
Specialty Program	39.6	16.3%	9.8	5.5%	29.8	303.6 %
Specialty Risk and Extended Warranty	73.3	30.1%	86.1	48.6%	(12.8)	(15.0)%
Total AmTrust Quota Share Reinsurance	$ 243.4	100.0%	$ 177.2	100.0%	$ 66.2	37.3 %

For the Nine Months Ended September 30,	2013		2012		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Earned	($ in Millions)		($ in Millions)		($ in Millions)	
Small Commercial Business	$ 350.3	48.3%	$ 218.1	42.5%	$ 132.2	60.6%
Specialty Program	105.1	14.5%	60.4	11.8%	44.7	74.0%
Specialty Risk and Extended Warranty	269.7	37.2%	234.5	45.7%	35.2	15.0%
Total AmTrust Quota Share Reinsurance	$ 725.1	100.0%	$ 513.0	100.0%	$ 212.1	41.3%

Net Loss and Loss Adjustment Expenses - Net loss and loss expenses increased by $39.3 million and $128.2 million, or 32.5% and 36.6%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. Net loss and loss adjustment expense ratios were 65.8% and 66.0% for the three and nine months ended September 30, 2013 compared to 68.2% and 68.3% in the same period in 2012, respectively. The loss ratio has improved as the segments mix of business has continued to change, with the Small Commercial Business segment increasing at the fastest rate, in part due to the continued improvement in pricing that AmTrust is experiencing in certain lines of business in that segment, particularly workers' compensation.

Commission and Other Acquisition Expenses - Commission and other acquisition expenses increased by $21.4 million or 42.2% and $70.9 million or 49.8%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. Expenses have increased during these periods in 2013 as a result of ongoing growth in earned premium under both the Reinsurance Agreement and the European Hospital Liability Quota Share. The commission and other acquisition expense ratio increased to 29.5% and 29.4% for the three and nine months ended September 30, 2013 compared to 28.5% and 27.7% for the same periods in 2012, respectively. The increase in the ratios reflect the higher proportion of net premiums earned from the Reinsurance Agreement, which has a higher commission rate, than the European Hospital Liability Quota Share compared to the same periods in 2012.

General and Administrative Expenses - General and administrative expenses remained flat for the three months ended September 30, 2013, and increased by $0.1 million or 3.7% for the nine months ended September 30, 2013,compared to the same periods in 2012. The general and administrative expense ratio also remained flat at 0.3% for the three months ended September 30, 2013 and 2012, respectively, and decreased to 0.2% from 0.4% for the nine months ended September 30, 2013 and 2012, respectively. The overall expense ratio (including commission and other acquisition expenses) was 29.8% and 29.6% for the three and nine months ended September 30, 2013 compared to 28.8% and 28.1% for the three and nine months ended September 30, 2012, respectively, reflecting the changes in the commission and other acquisition expense ratio.

NGHC Quota Share Segment

Please refer to "*Recent Developments - NGHC Quota Share Reinsurance Agreement*" on page 43 for additional information on subsequent events affecting this segment. The following table summarizes the underwriting results and associated ratios for the NGHC Quota Share segment for the three and nine months ended September 30, 2013 and 2012:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	($ in Millions)			
Net premiums written	$ 18.2	$ 75.6	$ 167.2	$ 224.5
Net premiums earned	$ 65.7	$ 71.7	$ 211.2	$ 208.0
Net loss and loss adjustment expenses	(44.3)	(46.6)	(142.4)	(134.5)
Commission and other acquisition expenses	(20.6)	(22.6)	(66.0)	(65.7)
General and administrative expenses	(0.2)	(0.2)	(0.6)	(0.6)
Underwriting income	$ 0.6	$ 2.3	$ 2.2	$ 7.2
Net loss and loss adjustment expense ratio	67.4%	65.0%	67.4%	64.7%
Commission and other acquisition expense ratio	31.4%	31.5%	31.3%	31.6%
General and administrative expense ratio	0.3%	0.3%	0.2%	0.2%
Expense ratio	31.7%	31.8%	31.5%	31.8%
Combined ratio	99.1%	96.8%	98.9%	96.5%

The combined ratio increased to 99.1% and 98.9% for the three and nine months ended September 30, 2013 compared to 96.8% and 96.5% for the same periods in 2012, respectively. The higher combined ratio was primarily due to the increased proportion of agency business, which has historically performed at a higher loss ratio level.

Effective October 1, 2012, the parties amended the reinsurance agreement to decrease the provisional ceding commission from 32.5% to 32.0% of ceded earned premiums, net of premiums ceded by the personal lines companies for inuring reinsurance, subject to adjustment. The ceding commission is subject to adjustment to a minimum of 30.0% (changed from 30.5%), if the loss ratio is 64.5% or greater. The Company believes that the terms, conditions and pricing of the NGHC Quota Share have been determined by arm's length negotiations and reflect current market terms and conditions. For the three and nine months ended September 30, 2013, the effect of this contract amendment reduced ceded commissions by $0.1 million and $0.8 million, respectively.

Premiums - Net premiums written decreased by $57.4 million, or 76.0%,and $57.3 million, or 25.5%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The reduction in net premiums written during the third quarter of 2013 was due to the termination, effective August 1, 2013, of Maiden Bermuda's participation in the

NGHC Quota Share. The Company and NGHC agreed that the termination is on a run-off basis, meaning Maiden Bermuda will receive 25% of the net premiums and assume 25% of the related net losses with respect to the policies in force as of August 1, 2013 through the expiration of the policies.

The following tables show net premiums written by line of business in this segment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	**2013**		**2012**		**Change in**	
	Total	**% of Total**	**Total**	**% of Total**	**$**	**%**
Net Premiums Written	($ in Millions)		($ in Millions)		($ in Millions)	
Automobile liability	$ 9.7	53.4%	$ 39.0	51.6%	$ (29.3)	(75.1)%
Automobile physical damage	8.5	46.6%	36.6	48.4%	(28.1)	(76.9)%
Total NGHC Quota Share	$ 18.2	100.0%	$ 75.6	100.0%	$ (57.4)	(76.0)%

For the Nine Months Ended September 30,	**2013**		**2012**		**Change in**	
	Total	**% of Total**	**Total**	**% of Total**	**$**	**%**
Net Premiums Written	($ in Millions)		($ in Millions)		($ in Millions)	
Automobile liability	$ 95.6	57.2%	$ 118.3	52.7%	$ (22.7)	(19.2)%
Automobile physical damage	71.6	42.8%	106.2	47.3%	(34.6)	(32.6)%
Total NGHC Quota Share	$ 167.2	100.0%	$ 224.5	100.0%	$ (57.3)	(25.5)%

Net premiums earned decreased by $6.0 million, or 8.2%, and increased by $3.2 million, or 1.5%, for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The decrease for the three months ended September 30, 2013, compared to the same period in 2012, was the result of the termination of Maiden Bermuda's participation in the NGHC Quota Share effective August 1, 2013. The net premiums earned for the nine months ended September 30, 2013 increased compared to the same period in 2012 due to the increase in the level of net premiums written up to August 1,2013 in comparison to the same period in 2012. The following tables show net premiums earned by line of business in this segment for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	**2013**		**2012**		**Change in**	
	Total	**% of Total**	**Total**	**% of Total**	**$**	**%**
Net Premiums Earned	($ in Millions)		($ in Millions)		($ in Millions)	
Automobile liability	$ 38.0	57.8%	$ 38.4	53.6%	$ (0.4)	(0.9)%
Automobile physical damage	27.7	42.2%	33.3	46.4%	(5.6)	(16.7)%
Total NGHC Quota Share	$ 65.7	100.0%	$ 71.7	100.0%	$ (6.0)	(8.2)%

For the Nine Months Ended September 30,	**2013**		**2012**		**Change in**	
	Total	**% of Total**	**Total**	**% of Total**	**$**	**%**
Net Premiums Earned	($ in Millions)		($ in Millions)		($ in Millions)	
Automobile liability	$ 122.1	57.8%	$ 113.2	54.4%	$ 8.9	7.9 %
Automobile physical damage	89.1	42.2%	94.8	45.6%	(5.7)	(6.1)%
Total NGHC Quota Share	$ 211.2	100.0%	$ 208.0	100.0%	$ 3.2	1.5 %

Loss and Loss Adjustment Expenses - Net losses and loss expenses decreased by $2.3 million, or 4.8%, for the three months ended September 30, 2013 and increased by $7.9 million, or 5.9%, for the nine months ended September 30, 2013, compared to the same periods in 2012. Net loss and loss adjustment expense ratios increased to 67.4% for both the three and nine months ended September 30, 2013,compared to 65.0% and 64.7% for the same periods in 2012, respectively, due to adverse development on prior underwriting years.

Commission and Other Acquisition Expenses - The NGHC Quota Share, as amended, provides that the reinsurers pay a provisional ceding commissions equal to 32.0% of ceded earned premiums, net of premiums ceded by the personal lines companies for inuring reinsurance, subject to adjustment. The ceding commission is subject to adjustment to a maximum of 34.5% if the loss ratio for the reinsured business is 60.5% or less and a minimum of 30.0% if the loss ratio is 64.5% or higher.

For the three and nine months ended September 30, 2013, the commission and other acquisition expense ratio of 31.4% and 31.3% compared to 31.5% and 31.6% for the same periods in 2012, respectively, reflects the adjusted ceding commission recorded in addition to the U.S. Federal excise tax payable on this premium.

General and Administrative Expenses - General and administrative expenses remained flat at $0.2 million and $0.6 million for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012.

Liquidity and Capital Resources

Liquidity

Maiden Holdings is a holding company and transacts no business of its own. We therefore rely on cash flows in the form of dividends, advances and loans and other permitted distributions from our subsidiary companies to make dividend payments on our common and preference shares.

The jurisdictions in which our operating subsidiaries are licensed to write business impose regulations requiring companies to maintain or meet various defined statutory ratios, including solvency and liquidity requirements. Some jurisdictions also place restrictions on the declaration and payment of dividends and other distributions.

The payment of dividends from Maiden Holdings' Bermuda domiciled operating subsidiary Maiden Bermuda is, under certain circumstances, limited under Bermuda law which requires our Bermuda operating subsidiary to maintain certain measures of solvency and liquidity including the Bermuda Solvency Capital Requirement ("BSCR"). At September 30, 2013, the statutory capital and surplus of Maiden Bermuda was $953.6 million. During the three and nine months ended September 30, 2013 and the year ended December 31, 2012, Maiden Bermuda did not pay any dividends to Maiden Holdings.

Maiden Holdings' U.S. domiciled operating subsidiaries, Maiden US and Maiden Specialty, are subject to significant regulatory restrictions limiting their ability to declare and pay dividends by the states of Missouri and North Carolina, respectively, the states in which those subsidiaries are domiciled. In addition, there are restrictions based on a risk-based capital test which is the threshold that constitutes the authorized control level. If Maiden US's or Maiden Specialty's statutory capital and surplus falls below the authorized control level, their respective domiciliary insurance regulators are authorized to take whatever regulatory actions are considered necessary to protect policyholders and creditors. At September 30, 2013, Maiden US and Maiden Specialty statutory capital and surplus were $265.6 million and $49.4 million, respectively, both in excess of their respective authorized control levels. The inability of the subsidiaries of Maiden Holdings to pay dividends and other permitted distributions could have a material adverse effect on Maiden Holdings' cash requirements and ability to make principal, interest and dividend payments on its debt, preference shares and common shares. The maximum dividend payments that can be made during the year without prior approval by the Missouri Department of Insurance and North Carolina Department of Insurance is $0 and $4,616, respectively. During the three and nine months ended September 30, 2013 and the year ended December 31, 2012, Maiden US and Maiden Specialty paid no dividends to their respective shareholders.

The Company's insurance subsidiary in Sweden, Maiden LF, is regulated by the Swedish Finansinspektionen ("Swedish FSA"). Maiden LF was required to maintain a minimum level of statutory capital and surplus of $5,004 at September 30, 2013. Maiden LF is subject to statutory and regulatory restrictions under the Swedish FSA that limit the maximum amount of annual dividends or distributions paid by Maiden LF to the Company. As of September 30, 2013, Maiden LF is allowed to pay dividends or distributions not exceeding the capital surplus of $2,092.

Our sources of funds primarily consist of premium receipts net of commissions, net investment income, net proceeds from capital raising activities, which may include the issuance of common and preference shares, and proceeds from sales and redemption of investments. Cash is used primarily to pay loss and loss adjustment expenses, general and administrative expenses and dividends, with the remainder made available to our investment managers for investment in accordance with our investment policy. A summary of cash flows provided by (used in) operating, investing and financing activities for the nine months ended September 30, 2013 and 2012 is as follows:

For the Nine Months Ended September 30,	2013	2012
	($ in Millions)	
Operating activities	$ 359.3	$ 268.1
Investing activities	(289.7)	(615.4)
Financing activities	(20.7)	224.6
Effect of exchange rate changes on foreign currency cash	0.8	1.5
Total increase (decrease) in cash and cash equivalents	$ 49.7	$ (121.2)

Cash Flows from Operating Activities

Cash flows from operations for the nine months ended September 30, 2013 were $359.3 million compared to $268.1 million for the same period in 2012, a 34.0% increase. The Company's assets grew by $311.5 million or 7.5% as of September 30, 2013 compared to December 31, 2012. The increase in assets was largely due to the growth in premium written experienced by the

Company, particularly in our AmTrust Quota Share Reinsurance segment, during 2013. Cash flows associated with that segments growth typically lag by at least one calendar quarter, and the Company anticipates seeing further cash flow benefits of that growth in the remainder of 2013.

Cash Flows from Investing Activities

Investing cash flows consist primarily of proceeds from the sales and maturities of investments and payments for investments acquired. Net cash used in investing activities was $289.7 million during the nine months ended September 30, 2013 compared to $615.4 million for the same period in 2012. The Company continues to deploy available cash for longer-term investments as quickly as investment conditions permit and to maintain, where possible, cash and cash equivalents balances at low levels. However, fixed income markets have been volatile in 2013 and the Company has maintained elevated levels of cash and cash equivalents to mitigate any near-term volatility in rates. These elevated cash levels may result in slower growth in investment income and in certain instances, reductions in investment income despite the increase in invested assets. During the nine months ended September 30, 2013, the purchases of fixed maturity securities exceeded the proceeds from the sales, maturities and calls by $151.3 million.

Cash Flows from Financing Activities

Cash flows used in financing activities were $20.7 million for the nine months ended September 30, 2013 compared to cash flows provided by financing activities of $224.6 million for the same period in 2012.

The following table summarizes the net cash (outflow) inflow from financing activities for the nine months ended September 30, 2013 and 2012:

For the Nine Months Ended September 30,	2013	2012
	($ in Millions)	
Cash Flows from Financing Activities		
Senior notes issuance, net of issuance costs	$ —	$ 96.6
Preference shares issuance, net of issuance costs	—	145.0
Common share issuance	1.6	0.3
Dividends paid to Maiden common shareholders	(13.0)	(17.3)
Dividends paid to preference shareholders	(9.3)	—
Net cash (used in) provided by financing activities	$ (20.7)	$ 224.6

Dividends paid to Maiden common shareholders decreased by $4.3 million during the nine months ended September 30, 2013 compared to the same period in 2012 due to the acceleration of the payment of 2013 first quarter dividend which was paid in the fourth quarter of 2012.

Restrictions, Collateral and Specific Requirements

Maiden Bermuda is neither licensed nor admitted as an insurer, nor is it accredited as a reinsurer, in any jurisdiction in the U.S. As a result, it is generally required to post collateral security with respect to any reinsurance liabilities it assumes from ceding insurers domiciled in the U.S. in order for U.S. ceding companies to obtain credit on their U.S. statutory financial statements with respect to insurance liabilities ceded to them. Under applicable statutory provisions, the security arrangements may be in the form of letters of credit, reinsurance trusts maintained by trustees or funds withheld arrangements where assets are held by the ceding company.

Maiden Bermuda primarily uses trust accounts to meet collateral requirements — cash and cash equivalents and investments pledged in favor of ceding companies in order to comply with relevant insurance regulations.

Maiden US also offers to its clients, on a voluntary basis, the ability to collateralize certain liabilities related to the reinsurance contracts it issues. Under these arrangements, Maiden retains broad investment discretion in order to achieve its business objectives while offering clients the additional security a collateralized arrangement offers. We believe this offers the Company a significant competitive advantage and improves the Company’s retention of high-quality clients. As of September 30, 2013 certain of these liabilities and collateralized arrangements are obligations of Maiden Bermuda while the remaining liabilities and collateralized arrangements are obligations of Maiden US.

The following table provides additional information on those assets as of September 30, 2013 and December 31, 2012:

	September 30, 2013			December 31, 2012		
	Restricted Cash & Cash Equivalents	Fixed Maturities	Total	Restricted Cash & Cash Equivalents	Fixed Maturities	Total
	($ in Millions)			($ in Millions)		
Maiden US	$ 42.9	$ 758.8	$ 801.7	$ 34.0	$ 722.7	$ 756.7
Maiden Bermuda	54.5	251.5	306.0	64.5	398.3	462.8
Diversified Reinsurance	**97.4**	**1,010.3**	**1,107.7**	**98.5**	**1,121.0**	**1,219.5**
Maiden Bermuda	166.2	929.4	1,095.6	32.4	824.6	857.0
AmTrust Quota Share Reinsurance	**166.2**	**929.4**	**1,095.6**	**32.4**	**824.6**	**857.0**
Maiden Bermuda	6.4	95.0	101.4	1.4	89.4	90.8
NGHC Quota Share	**6.4**	**95.0**	**101.4**	**1.4**	**89.4**	**90.8**
Total	$ 270.0	$ 2,034.7	$ 2,304.7	$ 132.3	$ 2,035.0	$ 2,167.3
As a % of Consolidated Balance Sheet captions	100.0%	76.1%	78.3%	100.0%	77.7%	78.8%

As part of the Reinsurance Agreement, Maiden Bermuda has also loaned funds to AmTrust totaling $168.0 million as of September 30, 2013 and December 31, 2012, respectively, to satisfy collateral requirements with AII.

Collateral arrangements with ceding insurers may subject our assets to security interests or require that a portion of our assets be pledged to, or otherwise held by, third parties. Both our trust accounts and letters of credit are fully collateralized by assets held in custodial accounts. Although the investment income derived from our assets while held in trust accrues to our benefit, the investment of these assets is governed by the terms of the letter of credit facilities or the investment regulations of the state or territory of domicile of the ceding insurer, which may be more restrictive than the investment regulations applicable to us under Bermuda law. The restrictions may result in lower investment yields on these assets, which may adversely affect our profitability.

We do not currently anticipate that the restrictions on liquidity resulting from restrictions on the payments of dividends by our subsidiary companies or from assets committed in trust accounts or to collateralize the letter of credit facilities will have a material impact on our ability to carry out our normal business activities, including, our ability to make dividend payments on our common shares.

IIS Acquisition — Funds Withheld

The substantial majority of contracts underwritten by GMAC International Insurance Company, Ltd. ("GMAC IICL") were subject to collateral requirements in the form of letters of credit and trust agreements. Actual assets in support of the liabilities assumed were transferred to the Company when the subject individual agreements (collectively "the IICL Agreement") were novated to Maiden Bermuda. As of September 30, 2013, one contract had not yet been novated and this is expected to occur in 2013. Maiden Bermuda now provides collateral in the form of both trusts and letters of credit as required by the respective reinsurance contracts.

The pre-existing funds withheld amounts (“IIS Funds Withheld”) are included in the Condensed Consolidated Balance Sheet as funds withheld. As of September 30, 2013 and December 31, 2012, the remaining IIS Funds Withheld balance consisted of the following:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
Fixed maturities, at fair value	$ 24.7	112.7 %	$ 26.4	116.4 %
Cash and cash equivalents	0.3	1.4 %	0.1	0.4 %
Funds held on underlying business	0.5	2.3 %	0.5	2.3 %
Insurance balances receivable and other	(3.6)	(16.4)%	(4.3)	(19.1)%
Total IIS Funds Withheld	$ 21.9	100.0 %	$ 22.7	100.0 %

The IIS Funds Withheld represent 48.2% and 53.1% of the total funds withheld balance on the Company's Condensed Consolidated Balance Sheets at September 30, 2013 and December 31, 2012, respectively. The fixed maturity portfolio consists of U.K. Government bonds, which are rated AAA by Standard & Poor's ("S&P") as of both September 30, 2013 and December 31, 2012, and corporate bonds which are all investment grade securities as of September 30, 2013 and December 31, 2012, respectively. The fixed maturities comprise:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
U.K. government bonds	$ 9.1	37.0%	$ 20.0	75.7%
Corporate bonds	15.6	63.0%	6.4	24.3%
Total	$ 24.7	100.0%	$ 26.4	100.0%

We do not have any non-U.S. government and government related obligations related to Greece, Ireland, Italy, Portugal or Spain as of September 30, 2013 and December 31, 2012. See the discussion in Counterparty Credit Risk in Item 3 of Part I of this Form 10-Q related to the release of assets forming part of the IIS Funds Withheld.

Investments

The investment of our funds are designed to ensure safety of principal while generating current income. Accordingly, our funds are invested in liquid, investment-grade fixed income securities and are designated AFS. The Company's AFS fixed maturity investments increased by $55.6 million or 2.1% for the nine months ended September 30, 2013 compared to December 31, 2012. Continuing profitable growth and strong positive operating cash flow were offset by elevated levels of cash and cash equivalents held along with a decrease in the value of investments held during 2013 of $89.1 million for the nine months ended September 30, 2013.

During the third quarter of 2013, interest rates on longer duration assets were volatile, continuing the rise that began in the second quarter and then ultimately declining at the end of the third quarter to levels comparable to June 30, 2013. During the period, the yield on the 10-year U.S. treasury increased by twelve basis points to 2.64% as of September 30, 2013, which is a key component of the pricing of many of the securities in our AFS portfolio and contributed to the higher interest rates. Despite the modest increase in U.S. Treasury yields, the fair value of the Company's AFS fixed maturities increased by $5.9 million for the three months ended September 30, 2013.

Rates reacted to a slight weakening of economic conditions and comments by policymakers from the U.S. Federal Reserve which indicated that liquidity measures implemented in recent years to stabilize economic conditions and widely anticipated to begin ending in 2013 would remain unchanged. The ongoing volatility in interest rates with a generally increasing trend during 2013, along with the acquisition of certain longer duration MBS securities, increased the duration of the Company's Agency MBS portfolio which caused the portfolio's overall duration to rise during the nine months ended September 30, 2013. In response to the more volatile interest rate environment, the Company has maintained elevated levels of cash and cash equivalents to provide appropriate flexibility.

As of September 30, 2013, the weighted average duration of our AFS fixed maturity investment portfolio was 4.5 years and there were approximately $54.2 million of net unrealized gains in the portfolio, compared to a duration of 3.5 years and net unrealized gains of $143.5 million in the portfolio as of December 31, 2012. The table below shows the aggregate amounts of our invested AFS assets by asset class and in total as of those dates, including the average yield and duration:

September 30, 2013	Original or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Average yield*	Average duration
Available-for-sale fixed maturities		($ in Millions)				
U.S. treasury bonds	$ 16.6	$ 0.8	$ —	$ 17.4	2.6%	2.0 years
U.S. agency bonds – mortgage-backed	1,138.9	16.1	(24.2)	1,130.8	2.7%	4.6 years
U.S. agency bonds – other	7.2	1.1	—	8.3	5.0%	6.9 years
Non-U.S. government bonds	65.0	2.7	(0.4)	67.3	1.8%	2.8 years
Other mortgage-backed securities	22.6	0.1	(0.1)	22.6	3.1%	5.4 years
Corporate bonds	1,324.2	81.2	(23.8)	1,381.6	4.4%	4.6 years
Municipal bonds	45.6	0.7	—	46.3	1.6%	2.0 years
Total available-for-sale fixed maturities	2,620.1	102.7	(48.5)	2,674.3	3.5%	4.5 years
Other investments	4.5	0.5		5.0		
Total investments	$ 2,624.6	$ 103.2	$ (48.5)	$ 2,679.3		

December 31, 2012		Original or Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses		Fair Value	Average yield*	Average duration
Available-for-sale fixed maturities				($ in Millions)						
U.S. treasury bonds	$	42.7	$	1.2	$	—	$	43.9	1.9%	1.2 years
U.S. agency bonds – mortgage-backed		962.6		31.0		(1.4)		992.2	2.6%	2.5 years
U.S. agency bonds – other		11.7		1.4		—		13.1	4.4%	4.8 years
Non-U.S. government bonds		55.2		2.2		—		57.4	1.8%	2.9 years
Other mortgage-backed securities		23.1		0.9		—		24.0	2.8%	3.8 years
Corporate bonds		1,247.3		113.5		(6.5)		1,354.3	4.6%	4.8 years
Municipal bonds		132.6		1.2		—		133.8	0.8%	0.7 years
Total available-for-sale fixed maturities		2,475.2		151.4		(7.9)		2,618.7	3.5%	3.5 years
Other investments		2.6		0.4		(0.1)		2.9		
Total investments	$	2,477.8	$	151.8	$	(8.0)	$	2,621.6		

*Average yield is calculated by dividing annualized investment income for each sub-component of available-for sale securities (including amortization of premium or discount) by amortized cost and therefore does not include investment income earned on cash and cash equivalents or other short-term investments.

Low interest rates in recent years have lowered the yields at which we invest our available cash flow relative to historical levels, though as noted recent interest rate increases have caused net unrealized losses on existing available-for-sale fixed maturities while increasing our overall portfolio yield as we re-invest cash flow in purchasing fixed maturities at a higher rate. We expect these developments, combined with the current composition of our investment portfolio and other factors discussed herein, to continue to constrain investment income growth for the near term.

We review our investment portfolio for impairment on a quarterly basis. Impairments of investment securities results in a charge to operations when a market decline below cost is deemed to be other than temporary. To determine the recovery period of a fixed maturity security, we consider the facts and circumstances surrounding the underlying issuer including, but not limited to, the following:

- Historic and implied volatility of the security;
- Length of time and extent to which the fair value has been less than amortized cost;
- Adverse conditions specifically related to the security or to specific conditions in an industry or geographic area;
- Failure, if any, of the issuer of the security to make scheduled payments; and
- Recoveries or additional declines in fair value subsequent to the balance sheet date.

When assessing our intent to sell a fixed maturity security or if it is more likely that we will be required to sell a fixed maturity security before recovery of its cost basis, we evaluate facts and circumstances such as, but not limited to, decisions to reposition our security portfolio, sale of securities to meet cash flow needs and sales of securities to capitalize on favorable pricing. In order to determine the amount of the credit loss for a fixed maturity security, we calculate the recovery value by performing a discounted cash flow analysis based on the current cash flows and future cash flows we expect to recover. The discount rate is the effective interest rate implicit in the underlying fixed maturity security. The effective interest rate is the original yield or the coupon if the fixed maturity security was previously impaired. If other -than-temporary impairment ("OTTI") exists and we have the intent to sell the security, we conclude that the entire OTTI is credit-related and the amortized cost for the security is written down to current fair value with a corresponding charge to realized loss on our Condensed Consolidated Statements of Income. If we do not intend to sell a fixed maturity security or it is not more likely than not we will be required to sell a fixed maturity security before recovery of its amortized cost basis but the present value of the cash flows expected to be collected is less than the amortized cost of the fixed maturity security (referred to as the credit loss), we conclude that an OTTI has occurred and the amortized cost is written down to the estimated recovery value with a corresponding charge to realized loss on our Condensed Consolidated Statements of Income, as this is also deemed the credit portion of the OTTI. The remainder of the decline to fair value is recorded to other comprehensive income, as an unrealized OTTI loss on our Condensed Consolidated Balance Sheets, as this is considered a noncredit (i.e. recoverable) impairment.

During the three and nine months ended September 30, 2013 and the year ended December 31, 2012, we recognized no OTTI. Based on our qualitative and quantitative impairment review of each asset class within our fixed maturity portfolio, the remaining unrealized losses on fixed maturities at September 30, 2013, were primarily due to widening of credit spreads since their date of purchase. Because we do not intend to sell these securities and it is not more likely than not that we will be required to sell these securities until a recovery of fair value to amortized cost, we currently believe it is probable that we will collect all amounts due according to their respective contractual terms. Therefore we do not consider these fixed maturities to be other-than-temporarily impaired at September 30, 2013.

The Company may, from time to time, engage in investment activity that will be considered trading activity, in amounts generally less than $100 million. This trading activity is generally focused on taking long or short positions in United States Treasury securities. These periodic activities are classified as trading for the purpose of augmenting where possible investment returns. Unrealized gains and losses from trading activities are recorded in net realized and unrealized gains on investment on the Company's unaudited Condensed Consolidated Statements of Income.

In 2013, the Company did not engage in any such trading activities. However, for the three and nine months ended September 30, 2012, the Company recorded realized losses from trading activities of $0 and $1.6 million, respectively.

The following table presents information regarding our available-for-sale fixed maturities and other investments that were in an unrealized loss position at September 30, 2013 and December 31, 2012, and split by the length of time the assets are in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
September 30, 2013	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
			($ in Millions)			
Available-for-sale fixed maturities						
U.S. agency bonds – mortgage-backed	$ 601.8	$ (23.2)	$ 39.5	$ (1.0)	$ 641.3	$ (24.2)
Non-U.S. government bonds	10.2	(0.4)	—	—	10.2	(0.4)
Other mortgage-backed bonds	13.2	(0.1)	—	—	13.2	(0.1)
Corporate bonds	354.7	(21.7)	123.2	(2.1)	477.9	(23.8)
Municipal bonds	2.5	—	—	—	2.5	—
Total temporarily impaired AFS securities and other investments	$ 982.4	$ (45.4)	$ 162.7	$ (3.1)	$ 1,145.1	$ (48.5)

As of September 30, 2013, there were approximately 109 securities in an unrealized loss position with a fair value of $1,145.1 million and unrealized losses of $48.5 million. Of these securities, there are 11 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $162.7 million and unrealized losses of $3.1 million.

	Less Than 12 Months		12 Months or More		Total	
December 31, 2012	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
			($ in Millions)			
Available-for-sale fixed maturities						
U.S. agency bonds – mortgage-backed	$ 158.6	$ (1.4)	$ —	$ —	$ 158.6	$ (1.4)
Corporate bonds	94.7	(1.1)	141.9	(5.4)	236.6	(6.5)
	253.3	(2.5)	141.9	(5.4)	395.2	(7.9)
Other investments	—	—	2.0	(0.1)	2.0	(0.1)
Total temporarily impaired AFS fixed maturities and other investments	$ 253.3	$ (2.5)	$ 143.9	$ (5.5)	$ 397.2	$ (8.0)

As of December 31, 2012, there were approximately 32 securities in an unrealized loss position with a fair value of $397.2 million and unrealized losses of $8.0 million. Of these securities, there are 9 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $143.9 million and unrealized losses of $5.5 million.

The following table summarizes the fair value by contractual maturity of our AFS fixed maturity investment portfolio as of September 30, 2013 and December 31, 2012:

	September 30, 2013		December 31, 2012	
	($ in Millions)	% of Total	($ in Millions)	% of Total
Due in one year or less	$ 97.4	3.7%	$ 58.7	2.2%
Due after one year through five years	428.2	16.0%	387.9	14.8%
Due after five years through ten years	917.7	34.3%	981.5	37.5%
Due after ten years	77.6	2.9%	174.4	6.7%
	1,520.9	56.9%	1,602.5	61.2%
U.S. agency bonds – mortgage-backed	1,130.8	42.3%	992.2	37.9%
Commercial mortgage-backed securities	22.6	0.8%	24.0	0.9%
Total AFS fixed maturities	$ 2,674.3	100.0%	$ 2,618.7	100.0%

As of September 30, 2013 and December 31, 2012, 97.9% and 98.6%, respectively, of our fixed income portfolio consisted of investment grade securities. We define a security as being below-investment grade if it has an S&P credit rating of BB+ or less. The following table summarizes the composition of the fair value of our fixed maturity investments at the dates indicated by ratings as assigned by S&P (and/or other rating agencies when S&P ratings were not available):

September 30, 2013	**Amortized Cost**	**Fair Value**	**% of Total Fair Value**
Ratings	($ in Millions)		
U.S. treasury bonds	$ 16.6	$ 17.4	0.7%
U.S. agency bonds	1,146.1	1,139.1	42.6%
AAA	153.5	165.9	6.2%
AA+, AA, AA-	114.2	121.2	4.5%
A+, A, A-	487.2	517.4	19.3%
BBB+, BBB, BBB-	646.4	658.5	24.6%
BB+ or lower	56.1	54.8	2.1%
Total AFS fixed maturities	$ 2,620.1	$ 2,674.3	100.0%

December 31, 2012	**Amortized Cost**	**Fair Value**	**% of Total Fair Value**
Ratings	($ in Millions)		
U.S. treasury bonds	$ 42.7	$ 43.9	1.7%
U.S. agency bonds	974.3	1,005.3	38.4%
AAA	171.1	184.0	7.0%
AA+, AA, AA-	186.5	196.7	7.5%
A+, A, A-	477.2	515.4	19.7%
BBB+, BBB, BBB-	587.9	637.1	24.3%
BB+ or lower	35.5	36.3	1.4%
Total AFS fixed maturities	$ 2,475.2	$ 2,618.7	100.0%

Substantially all of the Company’s U.S. agency bond holdings are mortgage-backed bonds. Additional details on the mortgage-backed bonds component of our U.S. agency bonds portfolio as of September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
Mortgage-backed securities				
Residential mortgage-backed (RMBS)				
GNMA – fixed rate	$ 97.4	8.5%	$ 100.8	10.0%
FNMA – fixed rate	622.5	54.7%	573.0	57.0%
FNMA – variable rate	37.8	3.3%	46.9	4.7%
FHLMC – fixed rate	362.7	31.9%	257.7	25.6%
FHLMC – variable rate	10.4	0.9%	13.8	1.4%
Total RMBS	1,130.8	99.3%	992.2	98.7%
Total agency mortgage-backed securities	1,130.8	99.3%	992.2	98.7%
Non-MBS fixed rate agency securities	8.3	0.7%	13.1	1.3%
Total U.S. agency bonds	$ 1,139.1	100.0%	$ 1,005.3	100.0%

The following table provides a summary of changes in fair value associated with the Company's U.S. agency bonds – mortgage-backed portfolio for the three and nine months ended September 30, 2013 and 2012:

For the Three Months Ended September 30,	2013	2012
	($ in Millions)	
U.S. agency bonds - mortgage-backed:		
Beginning balance	$ 1,218.5	$ 1,049.1
Purchases	—	135.1
Sales and paydowns	(80.9)	(103.5)
Net realized gains (losses) on sales – included in net income	—	—
Change in net unrealized (gains) losses – included in other comprehensive income	(4.8)	1.0
Amortization of bond premium and discount	(2.0)	(2.7)
Ending balance	$ 1,130.8	$ 1,079.0

For the Nine Months Ended September 30,	2013	2012
	($ in Millions)	
U.S. agency bonds - mortgage-backed:		
Beginning balance	$ 992.2	$ 972.1
Purchases	524.8	390.7
Sales and paydowns	(340.2)	(274.8)
Net realized gains (losses) on sales – included in net income	—	—
Change in net unrealized (gains) – included in other comprehensive income	(37.1)	(2.7)
Amortization of bond premium and discount	(8.9)	(6.3)
Ending balance	$ 1,130.8	$ 1,079.0

The Company continued to experience elevated levels of paydowns of its U.S. agency mortgage-backed bond portfolio for the three and nine months ended September 30, 2013, compared to the same periods in 2012. The elevated levels of paydowns reflect the historically low interest rate environment in the U.S. and globally in recent years, resulting in higher refinancing activity in the U.S. mortgage markets.

Prior policy measures enacted by the U.S. Federal Reserve designed to provide greater liquidity to certain credit markets, in particular the mortgage-backed securities market, continue to impact the Company's MBS portfolio. However, those conditions have been abating in recent quarters, including in the three months ended September 30, 2013, as interest rates have begun to rise and the U.S. Federal Reserve has indicated it may begin to reduce the amount of liquidity it is providing to credit markets later in 2013.

Despite these changing market conditions, in the near-term the cumulative effect of these policy measures in recent years is likely to have the effect of maintaining an elevated level of paydowns on certain mortgage-backed securities in the Company's portfolio, and consequently could maintain the higher levels of bond premium amortization we have been incurring, which could reduce the amount of net investment income reported by the Company as a result. These conditions may abate, however as interest rates stabilize or continue to increase from current levels.

Our U.S. agency mortgage-backed bond portfolio is 42.3% of our fixed maturity investments as of September 30, 2013. Given the relative size of this portfolio to our total investments, if these faster prepayment patterns were to continue over an extended period of time, this could potentially have the effect of limiting the growth in our investment income, or in certain circumstances, or even potentially reducing the total amount of investment income we earn.

The Company holds no asset-backed securities other than the mortgage-backed securities it has described herein.

The security holdings by sector and financial strength rating by S&P in this asset class as of September 30, 2013 and December 31, 2012 are as follows:

	Ratings*						
September 30, 2013	**AAA**	**AA+, AA, AA-**	**A+, A, A-**	**BBB+, BBB, BBB-**	**B+ or lower**	**Fair Value**	**% of Corporate bonds portfolio**
						($ in Millions)	
Corporate bonds							
Financial Institutions	7.1%	3.9%	30.5%	14.2%	0.3%	$ 773.0	56.0%
Industrials	—%	1.1%	5.5%	29.4%	2.8%	537.2	38.8%
Utilities/Other	—%	—%	0.2%	4.1%	0.9%	71.4	5.2%
Total Corporate bonds	7.1%	5.0%	36.2%	47.7%	4.0%	$ 1,381.6	100.0%

	Ratings*						
December 31, 2012	**AAA**	**AA+, AA, AA-**	**A+, A, A-**	**BBB+, BBB, BBB-**	**B+ or lower**	**Fair Value**	**% of Corporate bonds portfolio**
						($ in Millions)	
Corporate bonds							
Financial Institutions	7.1%	5.2%	31.1%	13.7%	0.1%	$ 775.1	57.2%
Industrials	—%	1.2%	4.8%	30.8%	1.7%	520.9	38.5%
Utilities/Other	—%	—%	0.9%	2.5%	0.9%	58.3	4.3%
Total Corporate bonds	7.1%	6.4%	36.8%	47.0%	2.7%	$ 1,354.3	100.0%

*Ratings as assigned by S&P

Over the last twelve to twenty four months, the Company has increased its allocation to corporate bonds with credit ratings of BBB, in order to take advantage of more attractive yield opportunities in those bonds, while staying within its established investment guidelines.

The Company’s 10 largest corporate holdings, 91.6% of which are in the Financial Institutions sector, as of September 30, 2013 as carried at fair value and as a percentage of all fixed income securities are as follows:

September 30, 2013		% of Holdings Based on Fair Value of All Fixed Income Securities	Rating*
	($ in Millions)		
Morgan Stanley FLT, Due 10/18/2016 (1)	$ 39.3	1.5%	A-
Citigroup FLT, Due 6/9/2016 (1)	26.4	1.0%	BBB+
Northern Rock Asset Mgt., 3.875% Due 11/16/2020	25.7	1.0%	AAA
BNP Paribas, 5.0% Due 1/15/2021	20.7	0.8%	A+
Barclays Bank PLC NY FLT, Due 2/24/2020 (1)	20.0	0.8%	A
HSBC Financial FLT, Due 6/1/2016 (1)	19.9	0.7%	A
SLM Corp FLT, Due 1/27/2014 (1)	19.9	0.7%	BBB-
Bear Stearns FLT, 11/21/2016 (1)	19.8	0.7%	A
JPMorgan Chase & Co FLT, Due 6/13/2016 (1)	19.8	0.7%	A
Vale Overseas Ltd, 4.375% Due 01/11/2022	19.2	0.7%	A-
Total	$ 230.7	8.6%	

* Ratings as assigned by S&P

(1) Securities with the notation FLT are floating rate securities.

As of September 30, 2013 and December 31, 2012, 18.0% and 17.5% of its corporate fixed maturities were floating rate securities, respectively, all of which were in the Financial Institutions sector. These securities enable the Company to maintain flexibility in the face of volatile fixed income market conditions and to quickly take advantage of any unanticipated increases in interest rates which may occur.

Given the Company's status as a Bermuda domiciled company with limited U.S. Federal tax exposure, to the extent that the Company invests in fixed maturity securities issued by U.S. state and local governments, these investments are made on the merits of the underlying investment and not on the tax-exempt status of those securities under U.S. Federal tax law. As a result, at September 30, 2013 and December 31, 2012, municipal securities represent 1.7% and 5.1%, respectively, of the Company's fixed maturity portfolio.

As of September 30, 2013 and December 31, 2012, we own the following fixed maturities not denominated in U.S. dollars:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
Corporate bonds	$ 167.9	71.4%	$ 156.5	73.1%
Non-U.S. government bonds	67.3	28.6%	57.4	26.9%
Total Non-U.S. dollar AFS fixed maturities	$ 235.2	100.0%	$ 213.9	100.0%

These fixed maturities were invested in the following currencies:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
Euro	$ 206.0	87.6%	$ 191.7	89.6%
Swedish Krona	10.7	4.5%	10.9	5.1%
Australian Dollar	8.0	3.4%	7.7	3.6%
British Pound	8.0	3.4%	2.9	1.4%
All other	2.5	1.1%	0.7	0.3%
Total Non-U.S. dollar AFS fixed maturities	$ 235.2	100.0%	$ 213.9	100.0%

We do not have any government or government related obligations of Greece, Ireland, Italy, Portugal and Spain as of September 30, 2013 and December 31, 2012. As of September 30, 2013 and December 31, 2012, 91.2% and 90.1% of the

Company's non-U.S. government or supranational issuers were rated AA or higher by S&P. The five largest non-U.S. government or supranational issuers held by the Company as of September 30, 2013 and December 31, 2012 are:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
Germany	$ 21.5	32.0%	$ 24.8	43.1%
European Financial Stability Facility	12.2	18.1%	—	—%
European Investment Bank	11.4	17.0%	12.5	21.7%
Sweden	6.0	8.9%	6.1	10.7%
State of Israel	5.9	8.8%	5.7	9.9%
All other	10.3	15.2%	8.3	14.6%
Total non-U.S. government bonds	$ 67.3	100.0%	$ 57.4	100.0%

For corporate bonds not denominated in U.S. dollars, the following table summarizes the composition of the fair value of our fixed maturity investments at the dates indicated by ratings as assigned by S&P and/or other rating agencies when S&P ratings were not available:

	September 30, 2013		December 31, 2012	
	Fair Value	% of Total	Fair Value	% of Total
	($ in Millions)		($ in Millions)	
AAA	$ 62.8	37.4%	$ 61.8	39.5%
AA+, AA, AA-	8.9	5.3%	7.9	5.0%
A+, A, A-	58.1	34.6%	52.3	33.4%
BBB+, BBB, BBB-	36.7	21.8%	33.1	21.1%
BB+ or lower	1.4	0.9%	1.4	1.0%
Total non-U.S. dollar denominated corporate bonds	$ 167.9	100.0%	$ 156.5	100.0%

The Company does not employ any credit default protection against any of the non-U.S. dollar denominated government or corporate bonds

Financial Strength Ratings

Financial strength ratings represent the opinions of rating agencies on our capacity to meet our obligations. Some of our reinsurance treaties contain special funding and termination clauses that are triggered in the event that we or one of our subsidiaries is downgraded by one of the major rating agencies to levels specified in the treaties, or our capital is significantly reduced. If such an event were to happen, we would be required, in certain instances, to post collateral in the form of letters of credit and/or trust accounts against existing outstanding losses, if any, related to the treaty. In a limited number of instances, the subject treaties could be cancelled retroactively or commuted by the cedant and might affect our ability to write business. Our principal operating subsidiaries are rated “A-” (Excellent) with a stable outlook by A.M. Best Company, which rating is the fourth highest of sixteen rating levels, and BBB+ (Good) with a negative outlook by S&P, which is the eighth highest of twenty-two rating levels. Our 2011 Senior Notes and 2012 Senior Notes are both rated BBB by S&P and the Preference Shares - Series A and Series B are rated BB and BBB-, respectively, by S&P. On May 17, 2013, S&P affirmed the ratings of our operating subsidiaries, Senior Notes and Preference Shares - Series A but revised their outlook from stable to negative, in response to the application of new rating methodology by S&P.

Other Material Changes in Financial Position

The following summarizes other material changes in the financial position of the Company as of September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
	($ in Millions)	
Reinsurance balances receivable, net	$ 554.7	$ 522.6
Prepaid reinsurance premiums	49.5	38.7
Reinsurance recoverable on unpaid losses	97.3	110.9
Deferred commission and other acquisition expenses	310.7	270.7
Reserve for loss and loss adjustment expenses	(1,926.6)	(1,740.3)
Unearned premiums	(1,089.2)	(936.5)

In general, the increases in these balances reflect the continued growth of the Company, in particular the strong premium written growth experienced during the first nine months of 2013 in the AmTrust segment. At September 30, 2013, the reinsurance recoverable decreased by $13.6 million compared to December 31, 2012, of which $65.8 million or 67.6% relates to reinsurance claims from Superstorm Sandy.

Capital Resources

Capital resources consist of funds deployed or available to be deployed in support of our business operations. Our total capital resources were $1.31 billion at September 30, 2013, a 3.1% decrease from $1.35 billion at December 31, 2012 and reflect the decrease in the Company's shareholders equity discussed below.

As of September 30, 2013, our shareholders' equity was $973.5 million, a 4.1% decrease compared to $1.0 billion as of December 31, 2012. The decrease was due primarily to the decline in unrealized gains on investments of $89.1 million, common dividends declared of $19.6 million, Preference Share - Series A dividends declared and paid of $9.3 million and unfavorable foreign currency translation adjustment of $3.4 million offset by net income for the nine months ended September 30, 2013 of $67.1 million.

On September 25, 2013, the Company announced the pricing of a public offering of three million 7.25% Preference Shares - Series B, at $50 per preference share with an underwriting discount of $1.50 per preference share. In addition, the underwriters of the offering had an option to purchase an additional 300,000 shares of the Preference Shares - Series B. On October 1, 2013, the Company received net proceeds of $145.5 million from the offering, after deducting the underwriting discount. The Company received an additional $14.6 million on October 3, 2013 relating to net proceeds for the shares issued to the underwriters, after the underwriters' over-allotment option to purchase the additional shares was exercised on October 1, 2013. The Preference Shares - Series B are not redeemable. The net proceeds from the offering are expected to be used for continued support and development of our reinsurance business and for other general corporate purposes.

The Company will pay cumulative dividends on each of the Preference Shares - Series B at a rate of 7.25% per annum on the initial liquidation preference of $50 per share (equivalent to $3.625 per annum per Preference Share - Series B or $0.90625 per quarter except on the initial payment date which is expected to be $0.745139 covering the period October 1, 2013 until December 14, 2013). Dividends will accrue and accumulate from the date of issuance and, to the extent that the Company has lawfully available funds to pay dividends and the board of directors declares a dividend payable, it will pay dividends quarterly each year commencing on December 15, 2013, up to, and including, September 15, 2016 in cash and on September 15, 2016 or any earlier conversion date in cash, common shares, or a combination thereof, at the Company's election and subject to the share cap, which is an amount per share equal to the product of (i) 2 and (ii) the maximum conversion rate of 4.0322, subject to conversion rate adjustments.

On the mandatory conversion date, September 15, 2016, each of the then-outstanding Preference Shares - Series B will automatically convert into a variable number of shares of the Company's common shares equal to the conversion rate, which will not be more than 4.0322 of the Company's common shares and not less than 3.2258, subject to conversion rate adjustments, that is based on the volume weighted average price per share of the Company's common shares over the forty consecutive trading day period beginning on, and including, the forty-second scheduled trading day immediately preceding September 15, 2016 (the "final averaging period"). The mandatory conversion date is the third business day immediately following the last trading day of the final averaging period. The conversion rate will be adjusted from time to time if the Company issues common shares as a dividend, increases the cash dividend from $0.09 per share or in some other cases as described under "Description of Mandatory Convertible Preference Shares - Conversion Rate Adjustments" of the Form 424B2 Prospectus Supplement filed with the SEC on September 27, 2013.

On November 6, 2013, the Company's Board of Directors approved an increase in the dividend payable to common shareholders from $0.09 to $0.11. The dividend will be payable on January 15, 2014 to shareholders of record as of January 2, 2014. Pursuant to the Conversion Rate Adjustment described above, the minimum and maximum conversion rates of 3.2258 and 4.0322, respectively, will be adjusted. The adjusted minimum and maximum conversion rates will be determined after the close of business on January 2, 2014 (dividend record date), when the market price of the Company's common stock is known.

At any time prior to September 15, 2016, other than during the fundamental change conversion period (as defined in the prospectus supplement), a holder of mandatory convertible preference shares may elect to convert such holder's mandatory convertible preference shares at the minimum conversion rate of 3.2258 shares of the common stock per mandatory convertible preference share, subject to adjustment as described under "Description of Mandatory Convertible Preference Shares - Conversion Rate Adjustments" of the Form 424B2 Prospectus Supplement filed with the SEC on September 27, 2013

On August 22, 2012, the Company issued six million of 8.25% Preference Shares - Series A, par value $0.01 per share, at $25 per share. The Company received net proceeds of $145.0 million from the offering.

Dividends on the Preference Shares - Series A are non-cumulative. Consequently, in the event dividends are not declared on the Preference Shares for any dividend period, holders of Preference Shares - Series A will not be entitled to receive a dividend for such period, and such undeclared dividend will not accrue and will not be payable. The holders of Preference Shares - Series A will be entitled to receive dividend payments only when, as and if declared by the Company's board of directors or a duly authorized committee of the board of directors. Any such dividends will be payable from, and including, the date of original issue on a non-cumulative basis, quarterly in arrears. To the extent declared, these dividends will accumulate, with respect to each dividend period, in an amount per share equal to 8.25% of the $25 liquidation preference per annum.

Also on that date, the Company's Board of Directors authorized management at its discretion to purchase its outstanding common shares in an amount not exceeding 50% of the net proceeds of the Preference Share Offering. Repurchases under the program may be made in open market or privately negotiated transactions or otherwise, from time to time, depending on market conditions. For the period August 22, 2012 through September 30, 2013, the Company did not repurchase any of its common shares.

We have, and expect to continue, to fund a portion of our capital requirements through issuances of senior securities, including secured, unsecured and convertible debt securities, or issuances of common equity. For flexibility, on November 8, 2013 we filed a universal shelf registration statement that allows for the public offering and sale of our debt securities, common shares, preference shares and warrants to purchase such securities in an amount up to $300.0 million less issuances to date. We may from time to time issue securities pursuant to the shelf registration statement or otherwise pursuant to private offerings. The issuance of debt or equity securities will depend on future market conditions, funding needs and other factors and there can be no assurance that any such issuance will occur or be successful.

Senior Note Offerings

On June 24, 2011, the Company completed an offering of $107.5 million aggregate principal amount of 8.25% Senior Notes due June 15, 2041, including $7.5 million aggregate principal amount of 2011 Senior Notes to be issued and sold by the Company pursuant to the underwriters’ exercise in part of their over-allotment option. The 2011 Senior Notes are redeemable for cash, in whole or in part, on or after June 15, 2016, at 100% of the principal amount of the 2011 Senior Notes to be redeemed plus accrued and unpaid interest to but excluding the redemption date.

The net proceeds from the 2011 Senior Note Offering were approximately $104.7 million, after deducting the underwriting discount and offering expenses. With the underwriters’ exercise of a portion of their over-allotment option, the Company repurchased $107.5 million aggregate liquidation amount of TRUPS Offering on July 15, 2011.

On March 27, 2012, the Company completed an offering of $100.0 million aggregate principal amount of 8.00% Senior Notes due on March 27, 2042. The 2012 Senior Notes are redeemable for cash, in whole or in part, on or after March 27, 2017, at 100% of the principal amount to be redeemed plus accrued and unpaid interest to but excluding the redemption date. The net proceeds from the 2012 Senior Notes will be used for working capital and general corporate purposes.

Junior Subordinated Debt

On January 20, 2009, the Company established a special purpose trust for the purpose of issuing trust preferred securities. This involved private placement of 260,000 units (the “Units”), each Unit consisting of $1,000 principal amount of capital securities (the “Trust Preferred Securities”) of Maiden Capital Financing Trust (the “Trust”) and 45 common shares, $.01 par value, of the Company, for a purchase price of $1,000.45 per Unit.

As part of the transaction, the Company issued 11,700,000 common shares to the purchasers of the Trust Preferred Securities. The Trust Preferred Securities mature in 2039 and carry an interest rate of 14% and an effective rate of interest of 16.76%. The proceeds from such issuances, together with the proceeds of the related issuances of common securities of the trusts, were invested by the Trust in subordinated debentures issued by the Company. The gross proceeds to the Company were approximately $260.1 million in the form of junior subordinated debt, before approximately $4.3 million of placement agent fees and expenses.

The value of the common shares issued to purchasers of the Trust Preferred Securities are being carried as a reduction of the liability for the Trust Preferred Securities with the value being amortized against the Company’s earnings over the 30-year term of the Trust Preferred Securities. At September 30, 2013 and December 31, 2012, the unamortized amount carried as a reduction of the Company’s liability for the junior subordinated debt was $26.1 million. If the Company were to repay the remaining Trust Preferred Securities in full or in part at any time prior to their maturity date, the Company would have to recognize a commensurate amount as a reduction of earnings at that time.

Under the terms of the TRUPS Offering, the Company can repay the principal balance in full or in part at any time. However, if the Company repays such principal within five years of the date of issuance, it is required to pay an additional amount equal to one full year of interest on the amount of Trust Preferred Securities repaid. If we were to fully pay off the remaining securities prior to January 20, 2014, we would incur $21.4 million in additional expenses along with (as noted above) incurring additional amortization charges to write off the remaining unamortized amounts which are presently $26.1 million. As a result, our results of operations and book value would be reduced commensurately.

Although the Company currently has sufficient liquidity to pay off the remaining securities associated with the TRUPS Offering, given the proximity to the date of expiration of the TRUPS Offering prepayment penalty, it is unlikely that we would pay off these securities prior to January 20, 2014 unless were able to achieve savings in excess of the remaining interest we are required to pay until that time, including any prepayment premium. At any such time that we do pay off the remaining securities associated with the TRUPS Offering, we will incur a charge for the remaining unamortized amounts.

Currency and Foreign Exchange

We conduct business in a variety of foreign (non-U.S.) currencies, the principal exposures being the Euro, the British pound, the Australian dollar, the Canadian dollar, the Swedish krona and the Russian ruble. Assets and liabilities denominated in foreign currencies are exposed to changes in currency exchange rates. Our reporting currency is the U.S. dollar, and exchange rate fluctuations relative to the U.S. dollar may materially impact our results and financial position. Our principal exposure to foreign currency risk is our obligation to settle claims in foreign currencies. In addition, in order to minimize this risk we maintain and expect to continue to maintain a portion of our investment portfolio in investments denominated in currencies other than the U.S. dollar. We may employ various strategies (including hedging) to manage our exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, our results of operations or equity may be reduced by fluctuations in foreign currency exchange rates and could materially adversely affect our financial condition and results of operations. At September 30, 2013, no such hedges or hedging strategies were in force or had been entered into. We measure monetary assets and liabilities denominated in foreign currencies at period end exchange rates, with the resulting foreign exchange gains and losses recognized in the Condensed Consolidated Statements of Income. Revenues and expenses in foreign currencies are converted at average exchange rates during the period. The effect of the translation adjustments for foreign operations is included in accumulated other comprehensive income.

Net foreign exchange gains were $1.3 million for the nine months ended September 30, 2013, compared to $1.3 million during the same period in 2012.

Effects of Inflation

The effects of inflation are considered implicitly in pricing and estimating reserves loss and loss adjustment expenses. The effects of inflation could cause the severity of claims to rise in the future. To the extent inflation causes these costs, particularly medical treatments and litigation costs, to increase above reserves established for these claims, the Company will be required to increase the reserve for loss and loss adjustment expenses with a corresponding reduction in its earnings in the period in which the deficiency is identified. The actual effects of inflation on the results of operations of the Company cannot be accurately known until claims are ultimately settled.

Off-Balance Sheet Arrangements

As of September 30, 2013, we did not have any off-balance sheet arrangements as defined by Item 303(a)(4) of Regulation S-K.

Recent Accounting Pronouncements

See Item 1, Note 2 to the unaudited Condensed Consolidated Financial Statements for a discussion on recently issued accounting pronouncements not yet adopted.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk that we will incur losses in our investments due to adverse changes in market rates and prices. Market risk is directly influenced by the volatility and liquidity in the market in which the related underlying assets are invested. We believe that we are principally exposed to two types of market risk: changes in interest rates and changes in credit quality of issuers of investment securities and reinsurers.

Interest Rate Risk

Interest rate risk is the risk that we may incur economic losses due to adverse changes in interest rates. The primary market risk to the investment portfolio is interest rate risk associated with investments in fixed maturity securities. Fluctuations in interest rates have a direct impact on the market valuation of these securities. At September 30, 2013, we had AFS fixed maturity securities with a fair value of $2.7 billion that are subject to interest rate risk.

The table below summarizes the interest rate risk associated with our fixed maturity securities by illustrating the sensitivity of the fair value and carrying value of our fixed maturity securities as of September 30, 2013 to selected hypothetical changes in interest rates, and the associated impact on our shareholders' equity. Temporary changes in the fair value of our fixed maturity securities that are held as AFS do impact the carrying value of these securities and are reported in our shareholders' equity as a component of other comprehensive income. The selected scenarios in the table below are not predictions of future events, but rather are intended to illustrate the effect such events may have on the fair value and carrying value of our fixed maturity securities and on our shareholders’ equity as of September 30, 2013:

Hypothetical Change in Interest Rates	Fair Value	Estimated Change in Fair Value	Hypothetical % (Decrease) Increase in Shareholders’ Equity
	($ in Millions)		
200 basis point increase	$ 2,438.7	$ (235.6)	(24.2)%
100 basis point increase	2,551.2	(123.1)	(12.6)%
No change	2,674.3	—	— %
100 basis point decrease	2,802.5	128.2	13.2 %
200 basis point decrease	2,942.5	268.2	27.6 %

The interest rate sensitivity on the $168.0 million loan to related party, which carries an interest rate of one month LIBOR plus 90 basis points, is an increase of 100 and 200 basis points in LIBOR would increase our earnings and cash flows by $1.7 million and $3.4 million, respectively, on an annual basis, but would not affect the carrying value of the loan.

Counterparty Credit Risk

The concentrations of the Company’s counterparty credit risk exposures as of September 30, 2013 have not changed materially compared to December 31, 2012.

The Company has exposure to credit risk primarily as a holder of fixed maturity securities. The Company controls this exposure by emphasizing investment grade credit quality in the securities it purchases. The table below summarizes the credit ratings by major rating category of the Company's fixed maturity investments as of September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
Ratings*		
AA+ or better	51.0%	48.0%
AA, AA-, A+, A, A-	22.3%	26.3%
BBB+, BBB, BBB-	24.6%	24.3%
BB+ or lower	2.1%	1.4%
	100.0%	100.0%

* Ratings as assigned by S&P

The Company believes this high quality concentration reduces its exposure to credit risk on fixed income investments to an acceptable level.

At September 30, 2013, the Company is not exposed to any significant credit concentration risk on its investments, excluding securities issued by the U.S. government which are rated AA+ (see "*Liquidity and Capital Resources - Investments* " on page 63), with the single largest corporate issuer and the top 10 corporate issuers accounting for only 1.5% and 8.6% of the Company’s total fixed income securities, respectively.

The Company is subject to the credit risk of its cedants in the event of their insolvency or their failure to honor the value of the funds held balances due to the Company for any other reason. However, the Company’s credit risk in some jurisdictions is mitigated by a mandatory right of offset of amounts payable by the Company to a cedant against amounts due to the Company. In certain other jurisdictions the Company is able to mitigate this risk, depending on the nature of the funds held arrangements, to the extent that the Company has the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to cedants for losses payable and other amounts contractually due. Funds held balances for which the Company receives an investment return based upon either the results of a pool of assets held by the cedant or the investment return earned by the cedant on its investment portfolio are exposed to an additional layer of credit risk.

The IIS Funds Withheld account due to the Company is related to one cedant, GMAC IICL, whereby GMAC IICL and the Company entered into the IICL Agreement to assume business written by GMAC IICL. Under the IICL Agreement, the individual balances by cedant which comprise the IIS Funds Withheld account have been transferred to the Company upon novation of the underlying reinsurance contract from GMAC IICL to the Company. As of September 30, 2013, one contract had not yet been novated and this is expected to occur in 2013. At September 30, 2013, the IIS Funds Withheld account due from GMAC IICL was $21.9 million, including $24.7 million in a segregated investment portfolio which represents collateral pledged as required by the underlying reinsurance contracts, primarily offset by other net liabilities of $3.6 million. The investments underlying the IIS Funds Withheld account are maintained in separate investment portfolios by GMAC IICL and managed by the Company.

The Company is subject to the credit risk of this cedant in the event of insolvency or GMAC IICL's failure to honor the value of the funds held balances for any other reason. However, the Company's credit risk is somewhat mitigated by the fact that the Company generally has the right to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to the cedant for losses payable and other amounts contractually due.

The Company has exposure to credit risk as it relates to its business written through brokers if any of the Company's brokers are unable to fulfill their contractual obligations with respect to payments to the Company. In addition, in some jurisdictions, if the broker fails to make payments to the insured under the Company's policy, the Company might remain liable to the insured for the deficiency. The Company's exposure to such credit risk is somewhat mitigated in certain jurisdictions by contractual terms. See Business and Risk Factors in Item1 and 1A of Part I of the Company's Form 10-K, filed on March 11, 2013, respectively, for detailed information on three brokers that accounted for approximately 34.1% of the Company's gross premiums written in the Diversified Reinsurance segment for the year ended December 31, 2012.

The Company has exposure to credit risk as it relates to its reinsurance balances receivable and reinsurance recoverable on paid and unpaid losses. We are subject to the credit risk that AII and/or AmTrust will fail to perform their obligations to pay interest on and repay principal of amounts loaned to AII pursuant to its loan agreement with Maiden Bermuda, and to reimburse Maiden Bermuda for any assets or other collateral of Maiden that AmTrust's U.S. insurance company subsidiaries apply or retain, and income on those assets. Reinsurance balances receivable from the Company's clients at September 30, 2013 and December 31, 2012 were $554.7 million and $522.6 million, respectively.

The Company believes that credit risk related to these balances is mitigated by several factors, including but not limited to, contractual right to offset reinsurance receivables and payables, credit checks performed as part of the underwriting process and monitoring of aged receivable balances. The vast majority of our reinsurance agreements contractually give the Company the right to offset reinsurance balances receivable from clients against losses payable to them, the Company believes that this substantially reduces credit risk in this area. Provisions are made for amounts considered potentially uncollectible. There was no allowance for uncollectible reinsurance balances receivable at September 30, 2013.

The Company purchases limited amounts of retrocessional reinsurance and requires its reinsurers to have adequate financial strength. The Company evaluates the financial condition of its reinsurers and monitors its concentration of credit risk on an ongoing basis. Provisions are made for amounts considered potentially uncollectible. The balance of reinsurance recoverable on unpaid losses was $97.3 million at September 30, 2013, of which $65.8 million or 67.6% relates to reinsurance claims from Superstorm Sandy. As of September 30, 2013, 88.1% of the reinsurance recoverable on unpaid losses was due from reinsurers with credit ratings from A.M Best of A, or better, 8.4% due from reinsurers with credit ratings of A-, 3.5% due from reinsurers with credit ratings of B++.

Foreign Currency Risk

Through its international reinsurance operations, the Company conducts business in a variety of non-U.S. currencies, with the principal exposures being the Euro and British pound. As the Company's reporting currency is the U.S. dollar, foreign exchange rate fluctuations may materially impact the Company's Condensed Consolidated Financial Statements.

The Company is generally able to match foreign currency denominated assets against its net reinsurance liabilities both by currency and duration to protect the Company against foreign exchange and interest rate risks. However, a natural offset does not exist for all currencies. For the nine months ended September 30, 2013, 14.2% of our net premiums written and 12.1% of our reserve for loss and loss adjustment expenses were transacted in Euro.

Countries that participate in the Euro have experienced significant economic uncertainty in recent years, which continues through the present time. These circumstances are the cumulative result of the effect of excessive sovereign debt, deficits by numerous participating countries in the Euro, uncertainty regarding the monetary policies of the EU and their underlying funding mechanisms and poor economic growth and prospects for the EU as a whole.

While economic policy measures and commitments have stabilized the currency's volatility since the second half of 2012, the EU's fiscal outlook remains negative, and permanent solutions to resolve these issues by participating countries and other institutions to reduce debt levels of EU members and improve its economic outlook have not been resolved.

While highly unlikely at this time, without satisfactory and timely resolution of these issues, the collapse or modification of the Euro cannot be ruled out at this time. There is also further uncertainty as to what forms of currency would take its place, if this event were to occur.

As a result, we could be subject to significantly greater foreign currency exposure than we estimate at this time. If the currency were impaired or disrupted to any significant degree, it could also impact our ability to conduct normal business operations in those participating countries.

We may employ various strategies to manage our exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, our results of operations or equity may be reduced by fluctuations in foreign currency exchange rates and could materially adversely affect our financial condition and results of operations. At September 30, 2013, no hedging instruments have been entered into.

Our principal foreign currency exposure is to the Euro and British pound, however assuming all other variables remain constant and disregarding any tax effects, a strengthening (weakening) of the U.S. dollar exchange rate of 10% or 20% relative to the non-U.S. currencies held by the Company would result in a decrease (increase) in the Company's net assets of $13.4 million and $26.8 million, respectively.

Item 4. Controls and Procedures

Our management, with the participation and under the supervision of our principal executive officer and principal financial officer, has evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) and has concluded that, as of the end of the period covered by this report, such disclosure controls and procedures were effective. During the most recent fiscal quarter, there were no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Section 302 Certification of CEO
31.2	Section 302 Certification of CFO
32.1	Section 906 Certification of CEO
32.2	Section 906 Certification of CFO
101.1	The following materials from Maiden Holdings, Ltd. Quarterly Report on Form 10-Q, formatted in XBRL (eXtensive Business Reporting Language): (i) the unaudited Condensed Balance Sheets, (ii) the unaudited Condensed Consolidated Statements of Income, (iii) the unaudited Condensed Consolidated Statements of Comprehensive Income, (iv) the unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity, (v) the unaudited Condensed Consolidated Statements of Cash Flows, and (vi) Notes to unaudited Condensed Consolidated Financial Statements.

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.

	MAIDEN HOLDINGS, LTD.
	By:
November 8, 2013	/s/ Arturo M. Raschbaum
	Arturo M. Raschbaum President and Chief Executive Officer (Principal Executive Officer)
	/s/ John M. Marshaleck
	John M. Marshaleck Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, Arturo M. Raschbaum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Maiden Holdings, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2013

/s/ ARTURO M. RASCHBAUM

Arturo M. Raschbaum
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, John Marshaleck, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Maiden Holdings, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2013

/s/ JOHN M. MARSHALECK

John M. Marshaleck
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Maiden Holdings, Ltd. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 8, 2013	By:	/s/ ARTURO M. RASCHBAUM
		Arturo M. Raschbaum
		President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report.

Exhibit 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Maiden Holdings, Ltd. (the “Company”), hereby certifies, to such officer's knowledge, that:

The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 8, 2013	By:	/s/ JOHN M. MARSHALECK
		John M. Marshaleck
		Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report.