Fitzgerald John S
Form 4
April 01, 2010

FORM 4

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

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Fitzgerald John S

(Last) (First) (Middle)

400 SOMERSET STREET

(Street)

NEW BRUNSWICK, NJ 08901

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Magyar Bancorp, Inc. [MGYR]

3. Date of Earliest Transaction (Month/Day/Year)
04/01/2010

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Acting President and CEO

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

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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/01/2010		A		7,000 (4)	A	$ 0	22,900 (1)	D	
Common Stock								6,576 (2)	I	By 401(k)
Common Stock								4,063 (2)	I	By ESOP
Common Stock								3,600	I	By IRA

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

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SEC 1474 (9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pri Deriv Secur (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Options	$ 14.61							03/01/2008	03/01/2017	Common Stock	32,500	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Fitzgerald John S 400 SOMERSET STREET NEW BRUNSWICK, NJ 08901			Acting President and CEO	

Signatures

/s/ Jon Ansari, Pursuant to Power of Attorney	04/01/2010
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** Includes 15,400 shares of restricted stock that vests at a rate of 20% per year commencing on March 1, 2008.
- **(2)** Reflects transactions not required to be reported pursuant to Section 16 of the Securities Exchange Act of 1934, as amended.
- **(3)** Stock options vest at a rate of 20% per year commencing on March 1, 2008.
- **(4)** Reflects shares of restricted stock that vests at a rate of 20% per year commencing on April 1, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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For the Year Ended December 31,	2016	2015	2014
	($ in Thousands except per share data)		
Net income attributable to Maiden common shareholders	$15,224	$100,139	$77,054
Add (subtract):			
Net realized gains on investment	(6,774)	(2,498)	(1,163)
Net impairment losses recognized in earnings	—	1,060	2,364
Foreign exchange and other gains, net	(11,612)	(7,753)	(4,150)
Amortization of intangible assets	2,461	2,840	3,277
Divested E&S business and NGHC run-off	14,489	12,241	10,427
Interest expense incurred related to 2013 Senior Notes prior to actual redemption of the junior subordinated debt	—	—	492
Accelerated amortization of debt discount and issuance cost	2,345	—	28,240
Non-cash deferred tax expense	1,161	1,161	1,161
Operating earnings attributable to Maiden common shareholders	$17,294	$107,190	$117,702
Diluted earnings per share attributable to Maiden common shareholders	$0.19	$1.31	$1.04
Add (subtract):			
Net realized gains on investment	(0.09)	(0.03)	(0.01)
Net impairment losses recognized in earnings	—	0.01	0.03
Foreign exchange and other gains, net	(0.15)	(0.09)	(0.05)
Amortization of intangible assets	0.03	0.04	0.04
Divested E&S business and NGHC run-off	0.19	0.14	0.12
Interest expense incurred related to 2013 Senior Notes prior to actual redemption of the junior subordinated debt	—	—	0.01
Accelerated amortization of debt discount and issuance cost	0.03	—	0.33
Non-cash deferred tax expense	0.02	0.01	0.02
Diluted operating earnings per common share	$0.22	$1.39	$1.53

Operating earnings attributable to Maiden common shareholders decreased by $89.9 million, or 83.9% for the year ended December 31, 2016 compared to December 31, 2015. This underwriting loss was caused by a $120.4 million increase in our provision for losses implemented in the fourth quarter of 2016, largely due to adverse development in our commercial auto line of business. The decline in underwriting results in 2016 was partially offset by increases in net investment income.

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 years ended December 31, 2016, 2015 and 2014 was computed as follows:

At and For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
Operating earnings attributable to Maiden common shareholders	$17,294	$107,190	$117,702
Opening Maiden common shareholders’ equity	$867,821	$925,694	$808,843
Ending Maiden common shareholders’ equity	$1,045,797	$867,821	$925,694
Average Maiden common shareholders’ equity[(1)]	$922,999	$896,758	$867,269
Operating ROACE	1.9 %	12.0 %	13.6 %

(1) Average common shareholders' equity for the year ended December 31, 2016 is adjusted for the period the Mandatory Convertible Preference Shares - Series B are outstanding (prior to mandatory conversion date of September 15, 2016).

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Explanation of Responses:

Book Value per Common Share and Diluted Book Value per Common Share: Management uses growth in both of these metrics as a prime measure of the value we are generating for our common shareholders, as management believes that growth in each metric ultimately results in growth in the Company's common share price. These metrics are impacted by the Company's net income and external factors, such as interest rates, which can drive changes in unrealized gains or losses on our investment portfolio. At December 31, 2016, the book value per common share and the diluted book value per common share increased by 3.0% and 3.4% respectively, compared to December 31, 2015, (see "Liquidity and Capital Resources - Investments" on page 83 for further information). Book value and diluted book value per common share at December 31, 2016, 2015 and 2014 were computed as follows:

December 31,	2016	2015	2014
	($ in Thousands except share and per share data)		
Ending Maiden common shareholders' equity	$1,045,797	$867,821	$925,694
Proceeds from assumed conversion of dilutive options	13,383	13,362	15,954
Numerator for diluted book value per common share calculation	$1,059,180	$881,183	$941,648
Common shares outstanding	86,271,109	73,721,140	72,932,702
Shares issued from assumed conversion of dilutive options and restricted share units	1,961,457	2,166,545	2,590,394
Denominator for diluted book value per common share calculation	88,232,566	75,887,685	75,523,096
Book value per common share	$12.12	$11.77	$12.69
Diluted book value per common share	$12.00	$11.61	$12.47

Ratio of Debt to Total Capital Resources: Management uses this measure to monitor the financial leverage of the Company. This measure is calculated using total principal amount of debt divided by the sum of total Maiden shareholders' equity and total principal amount of debt. The ratio of Debt to Total Capital Resources at December 31, 2016 and 2015 was computed as follows:

December 31,	2016	2015
	($ in Thousands)	
Senior notes - principal amount	$362,500	$360,000
Maiden shareholders' equity	1,360,797	1,347,821
Total capital resources	$1,723,297	$1,707,821
Ratio of debt to total capital resources	21.0 %	21.1 %

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 LAE 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 LAE, commission and other acquisition expenses and general and administrative expenses are less than the net premiums earned and other insurance revenue on that business. Prior to 2016, we have generated underwriting income in each year since inception. In 2016, we generated an underwriting loss due to our fourth quarter reserve charge of $120.4 million. Underwriting income is calculated by subtracting net loss and LAE, 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 our Diversified Reinsurance segment, is considered part of the underwriting operations of the Company.

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 LAE ratio" is derived by dividing net loss and LAE 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.

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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 our investment portfolio. The Company's investment portfolio is comprised of fixed maturity investments, currently held as AFS and HTM, and other investments. In accordance with U.S. GAAP, these investments, except for HTM fixed maturities, are carried at fair market value and unrealized gains and losses are excluded from earnings. These unrealized gains and losses are included on the Company's Consolidated Balance Sheet in accumulated other comprehensive income ("AOCI") as a separate component of shareholders' equity. If unrealized losses are considered to be other-than-temporarily impaired due to a credit event, such losses are included in earnings as a realized loss.

Expenses

Our expenses consist largely of net loss and LAE, 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 LAE has 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 cedants' 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 to us. The portion recoverable from our reinsurers is deducted from the gross estimated loss.

Commission and other acquisition expenses include 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 expense), 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 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. 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. The following presents a discussion of those accounting policies and estimates that management believes are the most critical to its operations and require the most difficult, subjective and complex judgment. 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. These critical accounting policies and estimates should be read in conjunction with "Notes to Consolidated Financial Statements Note 2. Significant Accounting Policies" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for a full understanding of the Company's accounting policies.

Reserve for Loss and Loss Adjustment Expenses

General: The amount of time that elapses before a claim is reported to the cedant and then subsequently reported to the reinsurer is commonly referred to in the industry as the reporting tail. Lines of business for which claims are reported quickly are commonly referred to as short-tailed lines; and lines of business for which a longer period of time elapses before claims are reported to the reinsurer are commonly referred to as long-tailed lines. In general, for reinsurance, the time lags are longer than for primary business due to the delay that occurs between the cedant becoming aware of a loss and reporting the information to its reinsurer(s). The delay varies by reinsurance market (country of cedant), type of treaty, whether losses are paid by the cedant and the size of the loss. The delay could vary from a few weeks to a year or sometimes longer.

Because a significant amount of time can elapse, particularly on longer-tail lines of business, between the assumption of risk, the occurrence of a loss event, the reporting of the event to an insurance company (the primary company or the cedant), the subsequent reporting to the reinsurance company ("the reinsurer") and the ultimate payment of the claim on the loss event by the reinsurer, the Company's liability for unpaid loss and LAE ("loss reserves") is based largely upon estimates. The Company categorizes loss reserves into two types of reserves: reported outstanding loss reserves ("case reserves") and IBNR reserves. Case reserves represent, for each individual claim, an estimate of unpaid losses, either by the Company's cedants or the Company's claims handling professionals, and recorded by the Company. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves. The Company updates its estimates for each of the aforementioned categories on a quarterly basis using information received from its cedants.

For excess of loss treaties, cedents generally are required to report losses that either (i) exceed 50% of their retention; or (ii) have a reasonable probability of exceeding the retention; or (iii) meet defined reporting criteria. All reinsurance claims that are reserved are reviewed at least every six months. In addition, reserves for loss and LAE are reviewed every quarter for each cedant. For proportional treaties, cedents are required to give a periodic statement of account, generally monthly or quarterly. These periodic statements typically include information regarding written premiums, earned premiums, unearned premiums, ceding commissions, brokerage amounts, applicable taxes, paid losses and outstanding losses. They can be submitted up to 90 days after the close of the reporting period. Some proportional treaties have specific language requiring earlier notice of serious claims.

For all lines, the Company's objective is to estimate ultimate loss and LAE. Total loss reserves are then calculated by subtracting losses paid. Similarly, IBNR reserves are calculated by subtraction of case reserves from total loss reserves. IBNR is the estimated liability for (1) changes in the values of claims that have been reported to us but are not yet settled, as well as (2) claims that have occurred but have not yet been reported as well as (3) claims that are closed but subsequently reopen. Each claim is settled individually based upon its merits, and particularly for longer-tailed lines of business, it is not unusual for a claim to take years after being reported to settle, especially if legal action is involved. As a result, the reserve for loss and LAE include significant estimates for IBNR reserves.

The reserve for IBNR is estimated by management for each account based on various factors, including our underwriting team's expectations about loss experience, actuarial analysis and loss experience to date. Our actuaries employ standard actuarial methodologies to determine estimated ultimate loss reserves.

In selecting management's best estimate of loss and LAE reserves, we consider the range of results produced by many actuarial methods and the appropriateness of those estimates. The methodologies that the Company employs include, but may not be limited to, the Expected Loss Ratio method, the Reported Loss and Paid Loss Development methods and the Incurred and (as applicable) Paid Bornhuetter-Ferguson ("BF") methods.

The reserve methodologies employed by the Company are dependent on data that the Company collects. This data consists primarily of case reserves and loss payments reported by the Company's cedants, and premiums written and earned reported by cedants or estimated by the Company. The actuarial methods used by the Company to project loss reserves in our Diversified Reinsurance segment that it will pay in the future (future liabilities) do not generally include methodologies that are dependent on claim counts reported, claim counts settled or claim counts open as, due to the nature of the Company's business, this information is not routinely provided by cedants for every treaty. Consequently, actuarial methods relying on this information cannot be used by the Company to estimate loss reserves in our Diversified Reinsurance segment. However, the Company does use actuarial methods in the AmTrust Reinsurance segments that are dependent on claim counts reported, claim counts settled or claim counts open.

The reserve for loss and LAE at December 31, 2016 and 2015 was as follows:

December 31,	2016	2015
	($ in Thousands)	
Reserve for reported loss and LAE	$1,617,956	$1,411,712
Reserve for losses incurred but not reported	1,278,540	1,098,389
Reserve for loss and LAE	$2,896,496	$2,510,101

While management believes that our case reserves and IBNR are sufficient to cover losses assumed by us, there can be no assurance that losses will not deviate from our reserves, possibly by material amounts. The methodology and assumptions used to estimate loss reserves are reviewed at least quarterly, with adjustments made as appropriate. To the extent actual reported losses exceed estimated losses, the carried estimate of the ultimate losses will be increased (i.e. unfavorable reserve development), and to the extent actual reported losses are less than our expectations, the carried estimate of ultimate losses will be reduced (i.e. favorable reserve development). We record any changes in our loss reserve estimates and the related reinsurance recoverable in the periods in which they are determined.

Loss reserves do not represent an exact calculation of liability. Rather, loss reserves are estimates of what we expect the ultimate resolution and administration of claims will cost. These estimates are based on actuarial projections and on our assessment of currently available data, as well as estimates of future trends in claims severity and frequency, judicial theories of liability and other factors. Loss reserve estimates are refined as experience develops and as claims are reported and resolved. In addition, the relatively long periods between when a loss occurs and when it may be reported to our claims department for our casualty reinsurance lines of business also increase the uncertainties of our reserve estimates in such lines.

Actuarial Methods Used to Estimate Loss and Loss Adjustment Expense Reserves: We utilize a variety of standard actuarial methods in our analysis. The selections from these various methods are based on the loss development characteristics of the specific line of business. The actuarial methods we utilize include:

The Expected Loss Ratio ("ELR") method is a technique that multiplicatively applies an expected loss ratio to earned premium to yield estimated ultimate losses. The ELR assumption is derived most often from the pricing of the business that is being reserved but can be based on historical experience of the business. This method is frequently used for the purpose of stability in the early valuations of an underwriting year with large and uncertain loss development factors. This technique does not take into account actual loss experience for the underwriting year being projected. As an underwriting year matures and actual loss experience becomes available, other methods may be applied in determining the estimated ultimate losses.

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

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

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

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

In our Diversified Reinsurance segment, the Company’s executive and technical management, including claims and underwriting, have significant experience with this book of business, which also has more than 30 years of loss experience associated with it. In general for our Diversified Reinsurance segment, we utilize the ELR approach at the onset of reserving an account, the BF method for business with less but maturing loss experience, and as the experience matures the LD Method.

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

Significant Assumptions Employed in the Estimation of Reserve for Loss and Loss Adjustment Expenses: The most significant assumptions used at December 31, 2016 to estimate the reserve for loss and LAE within the Company’s segments are as follows:

- the information developed from internal and independent external sources can be used to develop meaningful estimates of the likely future performance of business bound by the Company;

- the loss and exposure information provided by ceding companies, insureds and brokers in support of their submissions have been used by Maiden's pricing actuaries to derive meaningful estimates of the likely future performance of business bound with respect to each contract and policy;

- historic loss development and trend experience is assumed to be indicative of future loss development and trends; and

- no significant emergence of losses or types of losses that are not represented in the information supplied to the Company by its brokers, ceding companies and insureds will occur.

The above four assumptions most significantly influence the Company's determination of initial expected loss ratios and expected loss reporting patterns that are the key inputs which impact potential variability in the estimate of the reserve for loss and LAE and are applicable to each of the Company's business segments. These factors are combined with the actuarial judgment exercised by our reserving staff, and validated by the external review of our reserving levels. While there can be no assurance that any of the above assumptions will prove to be correct, we believe that this process represents a realistic and appropriate basis for estimating the reserve for loss and LAE. Our reporting factors and expected loss ratios are based on a blend of our own experience, cedant experience and industry benchmarks. The benchmarks selected were those that we believe are most similar to our underwriting business.

Factors Creating Uncertainty in the Estimation of the Reserve for Loss and Loss Adjustment Expenses: While management does not at this time include an explicit or implicit provision for uncertainty in its reserve for loss and LAE, certain of the Company’s business lines are by their nature subject to additional uncertainties, which are discussed in detail below. In addition, the Company’s reserves are subject to additional factors which add to the uncertainty of estimating reserve for loss and LAE. Time lags in the reporting of losses can also introduce further ambiguity to the process of estimating reserve for loss and LAE.

The inherent uncertainty of estimating the Company’s reserve for loss and LAE increases principally due to:

- the lag in time between the time claims are reported to the ceding company and the time they are reported through one or more reinsurance broker intermediaries to the Company;

- the differing reserving practices among ceding companies;

- the diversity of loss development patterns among different types of reinsurance treaties or contracts; and

- the Company’s need to rely on its ceding companies for loss information, which also exposes the Company to changes in the reserving philosophy of the ceding company and the adequacy of its underlying case reserves.

In order to verify the accuracy and completeness of the information provided to the Company by its ceding company counterparties, the Company’s underwriters, actuaries, accounting and claims personnel perform underwriting and claims reviews, and also accounting and financial audits, of the Company’s ceding companies. Any material findings are communicated to the ceding companies and utilized in the establishment or revision of the Company’s case reserves and related IBNR reserve. On occasion, these reviews reveal that the ceding company’s reported loss and LAE do not comport with the terms of the contract with the Company. In such events, the Company strives to resolve the outstanding differences in an amicable fashion. The large majority of such differences are resolved in this manner. In the infrequent instance where an amicable solution is not feasible, the Company’s policy is to vigorously defend its position in litigation or arbitration. At December 31, 2016, the Company was not involved in any material claims litigation or arbitration proceedings.

Due to the large volume of potential transactions that must be recorded in the insurance and reinsurance industry, backlogs in the recording of the Company’s business activities can also impair the accuracy of its loss and LAE reserve estimates. At December 31, 2016, there were no significant backlogs related to the processing of policy or contract information in the Company’s segments.

The Company assumes in its loss and LAE reserving process that, on average, the time periods between the recording of expected losses and the reporting of actual losses are predictable when measured in the aggregate and over time. The time period over which all losses are expected to be reported to the Company varies significantly by line of business. This period can range from a few quarters for some lines, such as property, to many years for some casualty lines of business. To the extent that actual reported losses are reported more quickly or more slowly than expected, the Company may adjust its estimate of ultimate loss.

Potential Volatility in the Reserve for Loss and Loss Adjustment Expenses: In addition to the factors creating uncertainty in the Company’s estimate of loss and LAE, the Company’s estimated reserve for loss and LAE can change over time because of unexpected changes in the external environment. Potential changing external factors include:

- changes in the inflation rate for goods and services related to the covered damages;

- changes in the general economic environment that could cause unanticipated changes in claim frequency or severity;
- changes in the litigation environment regarding the representation of plaintiffs and potential plaintiffs;
- changes in the judicial and/or arbitration environment regarding the interpretation of policy and contract provisions relating to the determination of coverage and/or the amount of damages awarded for certain types of claims;
- changes in the social environment regarding the general attitude of juries in the determination of liability and damages;
- changes in the legislative environment regarding the definition of damages;
- new types of injuries caused by new types of injurious activities or exposures; and
- changes in ceding company case reserving and reporting patterns.

The Company’s estimates of reserve for loss and LAE can also change over time because of changes in internal company operations, such as:

- alterations in claims handling procedures;
- growth in new lines of business where exposure and loss development patterns are not well established; or
- changes in the quality of risk selection or pricing in the underwriting process.

Due to the inherent complexity of the assumptions used in establishing the Company’s loss and LAE reserve estimates, final claim settlements made by the Company may vary significantly from the present estimates, particularly when those settlements may not occur until well into the future. The expected pattern of loss emergence and the projected level of profitability, two primary factors in establishing the loss and LAE reserves, are subject to a normal level of variance. The recognition of this variance defines a possible range of reserve estimates, from which the best estimate of the provision for reserves is derived. In addition, the Company’s segments have varying levels of seasoning with which the Company has direct experience and as a result, the reasonably likely variance of our expected loss ratio for each segment varies commensurately with that experience.

Based on a range of reasonable reserve estimates, we believe that if our final loss ratio were to vary from the expected loss ratios in the aggregate, our required reserves after reinsurance recoverable could increase by approximately $180.9 million, or 6.5% of our net loss and LAE reserves, as at December 31, 2016.

The Company has underwritten the AmTrust Reinsurance segment since July 1, 2007. In addition, certain aspects of this segment are associated with recent acquisitions by AmTrust and while the underlying experience of the book has significant seasoning, the combination of the shorter time frame with which the Company has direct experience with this business and the relative immaturity of certain aspects of this business may result in a greater range of volatility in the reasonably likely variance of our expected loss ratio for all applicable loss years in the segment compared to our Diversified Reinsurance segment.

Premiums and Commissions and Other Acquisition Expenses

For pro-rata contracts and excess-of-loss contracts where no deposit or minimum premium is specified in the contract, written premium is recognized based on estimates of ultimate premiums provided by the ceding companies. Initial estimates of written premium are recognized in the period in which the underlying risks are incepted. Subsequent adjustments, based on reports of actual premium by the ceding companies, or revisions in estimates, are recorded in the period in which they are determined. Reinsurance premiums assumed are generally earned on a pro rata basis over the terms of the underlying policies or reinsurance contracts.

Contracts and policies written on a "losses occurring" basis cover claims that may occur during the term of the contract or policy, which is typically 12 months. Accordingly, the premium is earned evenly over the term. Contracts which are written on a "risks attaching" basis cover claims which attach to the underlying insurance policies written during the terms of such contracts. Premiums earned on such contracts extend beyond the original term of the reinsurance contract, typically resulting in recognition of premiums earned over a 24-month period.

Reinsurance premiums on specialty risk and extended warranty are earned based on the estimated program coverage period. These estimates are based on the expected distribution of coverage periods by contract at inception, because a single contract may contain multiple coverage period options and these estimates are revised based on the actual coverage period selected by the original insured.

Unearned premiums represent the portion of premiums written which is applicable to the unexpired term of the contract or policy in force. These premiums can be subject to estimates based upon information received from ceding companies and any subsequent differences arising on such estimates are recorded in the period in which they are determined.

The Company provides proportional and non-proportional reinsurance coverage to cedants (insurance companies). In most cases, cedants seek protection for business that they have not yet written at the time they enter into reinsurance agreements and thus have to estimate the volume of premiums they will cede to the Company. Reporting delays are inherent in the reinsurance industry and vary in length by type of treaty. As delays can vary from a few weeks to a year or sometimes longer, the Company produces accounting estimates to report premiums and commission and other acquisition expenses until it receives the cedants' actual results. Under proportional treaties, which represented 92.3% (2015 - 91.0%, 2014 - 88.2%) of gross premiums written for the year December 31, 2016, the Company shares proportionally in both the premiums and losses of the cedant and pays the cedant a commission to cover the cedant's acquisition expenses. Under this type of treaty, the Company's ultimate premiums written and earned and acquisition expenses are not known at the inception of the treaty and must be estimated until the cedant reports its actual results to the Company. Under non-proportional treaties, which represented 7.7% (2015 - 9.0%, 2014 - 11.8%) of gross premiums written for the year December 31, 2016, the Company is typically exposed to loss events in excess of a predetermined dollar amount or loss ratio and receives a deposit or minimum premium, which is subject to adjustment depending on the premium volume written by the cedant.

Reported premiums written and earned and commission and other acquisition expenses on proportional treaties are generally based upon reports received from cedants and brokers, supplemented by the Company’s own estimates of premiums written and commission and other acquisition expenses for which ceding company reports have not been received. Premium and acquisition expense estimates are determined at the individual treaty level based upon contract provisions. The determination of estimates requires a review of the Company’s experience with cedants, a thorough understanding of the individual characteristics of each line of business and the ability to project the impact of current economic indicators on the volume of business written and ceded by the Company’s cedants. Estimates for premiums and commission and other acquisition expenses are updated continuously as new information is received from the cedants. Differences between such estimates and actual amounts are recorded in the period in which estimates are changed or the actual amounts are determined.

Assessing whether or not a reinsurance contract meets the condition for risk transfer requires judgment. The determination of risk transfer is critical to reporting premiums written and is based, in part, on the use of actuarial and pricing models and assumptions. If we determine that a reinsurance contract does not transfer sufficient risk, we account for the contract as deposit liability.

Acquisition expenses represent the costs of writing business that vary with, and are primarily related to, the production of the business. Acquisition expenses that are related to successful contracts are deferred and recognized as expense over the same period in which the related premiums are earned.

Only certain expenses incurred in the successful acquisition of new and renewal insurance contracts are capitalized. Those expenses include incremental direct costs of contract acquisition that result directly from and are essential to the contract transaction and would not have been incurred had the contract transaction not occurred. All other acquisition-related expenses, such as costs incurred for soliciting business, administration, and unsuccessful acquisition or renewal efforts are charged to expense as incurred. Administrative expenses, including rent, depreciation, occupancy, equipment, and all other general overhead expenses are considered indirect and are expensed as incurred.

The Company considers anticipated investment income in determining the recoverability of these deferred costs and believes they are fully recoverable. A premium deficiency is recognized if the sum of anticipated losses and loss adjustment expenses, unamortized acquisition expenses and anticipated investment income exceed unearned premium.

Fair Value of Financial Instruments

Please refer to "Notes to Consolidated Financial Statements Note 5. Fair Value of Financial Instruments" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K on page F-25 for a discussion on the fair value methodology and valuation techniques used by the Company to determine the fair value of the financial instruments held at December 31, 2016 and 2015.

Other-Than-Temporary Impairment ("OTTI") of Investments

Please refer to "Notes to Consolidated Financial Statements Note 2. "Significant Accounting Policies" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K on page F-8 for a discussion on the OTTI evaluation performed by the Company to determine if an impairment is OTTI.

The Company recognized no OTTI through earnings for the year ended December 31, 2016 (2015 - $1.1 million, 2014 - $2.4 million). Please refer to "Notes to Consolidated Financial Statements Note 4. Investments" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K on page F-20 for further details.

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Goodwill and Intangible Assets

The Company recognizes Goodwill and Intangible Assets in connection with certain acquisitions. Goodwill represents the excess of the cost of acquisitions over the fair value of the net assets acquired and is assigned to the applicable reporting unit(s) on the acquisition date, based upon the expected benefit to be received by the reporting unit. Intangible Assets consist of finite and indefinite life assets. Finite life intangible assets include customer and producer relationships and trademarks with useful life of 15 years. Insurance company licenses are considered indefinite life intangible assets.

On November 4, 2015, Maiden US finalized the sale of its wholly owned subsidiary, Maiden Specialty, to Clear Blue. On the same date, the goodwill and intangible assets disposed of, by way of this sale agreement, were $1.1 million and $3.2 million, respectively.

Annually, the Company makes an assessment as to whether the value of the Company's goodwill and intangible assets are impaired. Impairment, which can be either partial or full, is based on a fair value analysis by individual reporting unit. During 2016, the Company has written off the goodwill relating to the acquisition of a majority interest in Regulatory Capital, Ltd., trading as Insurance Regulatory Capital or IRC, which was deemed to be permanently impaired. The Company recognized an impairment loss of $1.8 million as a result. No impairment was recorded during the years ended December 31, 2015 and 2014. The Company's net goodwill and intangible assets, after the impairment charge, as at December 31, 2016 were $77.7 million (2015 - $81.9 million).

In making an assessment of the value of its goodwill and intangible assets, the Company uses both market based and non-market based valuations. Assumptions underlying these valuations include an analysis of the Company's share price relative to both its book value and its net income in addition to forecasts of future cash flows and future profits. Significant changes in the data underlying these assumptions could result in an assessment of impairment of the Company's goodwill asset. In addition, if the current economic environment and/or the Company's financial performance were to deteriorate significantly, this could lead to an impairment of goodwill and intangible, the write-off of which would be recorded against net income in the period such deterioration occurred. If a 5% decline in the fair value of the reporting units occurred, this would not result in an impairment of the goodwill asset at December 31, 2016.

Results of Operations

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

For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
Gross premiums written	$2,831,348	$2,662,825	$2,507,352
Net premiums written	$2,654,952	$2,514,116	$2,458,136
Net premiums earned	$2,568,150	$2,429,069	$2,251,743
Other insurance revenue	10,817	11,512	13,410
Net loss and loss adjustment expenses	(1,819,906)	(1,633,570)	(1,498,271)
Commission and other acquisition expenses	(773,664)	(724,197)	(659,315)
General and administrative expenses	(38,577)	(38,328)	(42,148)
Underwriting (loss) income	(53,180)	44,486	65,419
Other general and administrative expenses	(28,407)	(26,544)	(20,410)
Net investment income	145,892	131,092	117,215
Net realized gains on investment	6,774	2,498	1,163
Net impairment losses recognized in earnings	—	(1,060)	(2,364)
Accelerated amortization of debt discount and issuance cost	(2,345)	—	(28,240)
Amortization of intangible assets	(2,461)	(2,840)	(3,277)
Foreign exchange and other gains, net	11,612	7,753	4,150
Interest and amortization expenses	(28,173)	(29,063)	(29,959)
Income tax expense	(1,574)	(2,038)	(2,164)
Net Income	48,138	124,284	101,533
Loss (income) attributable to noncontrolling interests	842	192	(142)
Dividends on preference shares	(33,756)	(24,337)	(24,337)
Net income attributable to Maiden common shareholders	$15,224	$100,139	$77,054
Ratios			
Net loss and LAE ratio(1)	70.6 %	66.9 %	66.1 %
Commission and other acquisition expense ratio(2)	30.0 %	29.7 %	29.1 %
General and administrative expense ratio(3)	2.6 %	2.7 %	2.8 %
Expense ratio(4)	32.6 %	32.4 %	31.9 %
Combined ratio(5)	103.2 %	99.3 %	98.0 %

(1) Calculated by dividing net loss and LAE by the sum of net premiums earned and other insurance revenue.
(2) Calculated by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue.
(3) Calculated by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue.
(4) Calculated by adding together commission and other acquisition expense ratio and general and administrative expense ratio.
(5) Calculated by adding together net loss and LAE ratio and the expense ratio.

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Net Income

Comparison of Years Ended December 31, 2016 and 2015

Net income attributable to Maiden common shareholders for the year ended December 31, 2016 decreased to $15.2 million from $100.1 million for the same period in 2015. The factors that contributed to this net decrease were as follows:

- decrease in underwriting income of $97.7 million as a result of a $120.4 million charge taken during the fourth quarter of 2016. This was largely due to adverse development in commercial auto liability across the portfolio. In the Diversified Reinsurance segment, commercial auto liability incurred losses in the fourth quarter were greater than expected in both excess of loss and quota share accounts. In response to this higher emergence, we booked $57 million of additional loss as it became clearer that our prior expectations were not sufficient. In the AmTrust Reinsurance segment, we recorded a $52 million reserve charge, primarily related to higher than expected commercial auto and general liability loss emergence in program business. Finally, we recorded an $11.4 million increase in additional IBNR reserves relating to the run-off of our NGHC contract; and

- redemption of the Company's 2011 Senior Notes in the second quarter of 2016 leading to a non-recurring, non-cash charge of $2.3 million, which represented the accelerated amortization of issuance costs associated with the redeemed debt.

The decreases above were offset by the following:

- increase in investment income of $14.8 million or 11.3%, for the year ended December 31, 2016 compared to the same period in 2015. This increase reflects the growth in average investable assets of 13.0%, which was partially offset by a slight reduction in average yields.

Comparison of Years Ended December 31, 2015 and 2014

Net income attributable to Maiden common shareholders for the year ended December 31, 2015 increased to $100.1 million from $77.1 million for the same period in 2014. The factors that contributed to this net increase were as follows:

- redemption of the Company's junior subordinated debt in the first quarter of 2014 leading to a non-recurring, non-cash charge of $28.2 million, which represented the accelerated amortization of original issue discount and write off of issuance costs associated with the junior subordinated debt. As shown in our Item 7 Key Financial Measures on page 57, excluding this non-recurring, non-cash charge in 2014, net income attributable to Maiden common shareholders for the year ended December 31, 2015, compared to the same period in 2014, would decrease by $5.2 million or 4.9%;

- increase in investment income of $13.9 million, or 11.8%, for the year ended December 31, 2015 compared to the same period in 2014. This increase reflects the growth in average investable assets of 14.8%, however, this growth was partially offset by a slight reduction in average yields.

The increases above were offset by the following:

- decrease in underwriting income of $23.1 million, or 35.3%, for the year ended December 31, 2015 compared to the same period in 2014. This decrease arose in our Diversified Reinsurance segment and was driven primarily by 1) adverse development on Maiden US commercial auto business; 2) loss of a large customer and expiration of a fronting arrangement in the latter periods of 2014; and 3) foreign exchange impact on our non-U.S. underwriting portfolio due to the strengthening of the U.S. dollar during 2015.

The following is a discussion on the results of our operations for the years ended December 31, 2016, 2015 and 2014:

Net Premiums Written

Comparison of Years Ended December 31, 2016 and 2015

Net premiums written increased by $140.8 million, or 5.6%, for the year ended December 31, 2016 compared to the same period in 2015. The tables below compare net premiums written by our reportable segments, reconciled to the total consolidated net premiums written:

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For the Year Ended December 31,	2016		2015		Change in	
	Total	% of Total	Total	% of Total	$	%
	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Diversified Reinsurance	$766,119	28.9 %	$734,781	29.2 %	$31,338	4.3 %
AmTrust Reinsurance	1,888,428	71.1 %	1,779,334	70.8 %	109,094	6.1 %
Total - reportable segments	2,654,547	100.0%	2,514,115	100.0%	140,432	5.6 %
Other	405	— %	1	— %	404	NM
Total	$2,654,952	100.0%	$2,514,116	100.0%	$140,836	5.6 %

NM - not meaningful

The $109.1 million increase in net premiums written in our AmTrust Reinsurance segment for the year ended December 31, 2016 compared to the same period in 2015 is due to organic growth as well as acquisitions made by AmTrust, partially offset by the impact of the 2015 partial commutation. Please refer to the analysis of our AmTrust Reinsurance segment on page 78 for further details.

The $31.3 million increase in net premiums written in our Diversified Reinsurance segment for the year ended December 31, 2016 compared to the same period in 2015 was mainly due to growth in our Diversified Reinsurance segment's U.S. casualty and accident and health premiums and treaty contracts written in Europe by Maiden Bermuda in 2016. Please refer to the analysis of our Diversified Reinsurance segment on page 75 for further details.

Comparison of Years Ended December 31, 2015 and 2014

Net premiums written increased by $56.0 million, or 2.3%, for the year ended December 31, 2015 compared to the same period in 2014. The increase in net premiums written for the year ended December 31, 2015, compared to the same period in 2014, was due to the continuing strong growth in business written in our AmTrust Reinsurance segment partially offset by the loss of business in our Diversified Reinsurance segment.

The tables below compare net premiums written by our reportable segments, reconciled to the total consolidated net premiums written, for the years ended December 31, 2015 and 2014:

For the Year Ended December 31,	2015		2014		Change in	
	Total	% of Total	Total	% of Total	$	%
	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Diversified Reinsurance	$734,781	29.2 %	$850,049	34.6 %	$(115,268)	(13.6)%
AmTrust Reinsurance	1,779,334	70.8 %	1,610,485	65.5 %	168,849	10.5 %
Total - reportable segments	2,514,115	100.0%	2,460,534	100.1 %	53,581	2.2 %
Other	1	— %	(2,398)	(0.1)%	2,399	NM
Total	$2,514,116	100.0%	$2,458,136	100.0 %	$55,980	2.3 %

NM - not meaningful

The increase in net premiums written in our AmTrust Reinsurance segment for the year ended December 31, 2015 compared to the same period in 2014 reflects AmTrust's continued expansion through a combination of acquisitions and ongoing organic growth partially offset by 1) the Company entering into an agreement with AmTrust to commute outstanding liabilities, loss reserves and unearned premiums, associated with certain classes and lines of business resulting in a reduction of net written premiums of approximately 3.5% for the year ended December 31, 2015; 2) an unfavorable impact from foreign exchange movements; and 3) the Company entering into a retrocessional quota share agreement with a highly rated global insurer entered into effective January 1, 2015. There was no such retrocessional quota share agreement in force during 2014. Please refer to the analysis of our AmTrust Reinsurance segment on page 78 for further details.

Net premiums written in our Diversified Reinsurance segment decreased by $115.3 million or 13.6% during the year ended December 31, 2015 compared to the same period in 2014. These reductions were due to 1) declines in both our U.S. and International business as discussed above; 2) adverse impact on our non-U.S. underwriting portfolio due to the strengthening of the U.S. dollar during the year; and 3) the Company entering into a retrocessional quota share agreement with a highly rated global insurer entered into effective January 1, 2015. There was no such retrocessional quota share agreement in force during 2014. Please refer to the analysis of our Diversified Reinsurance segment on page 75 for further details.

Net Premiums Earned

Comparison of Years Ended December 31, 2016 and 2015

Net premiums earned increased by $139.1 million or 5.7% for the year ended December 31, 2016 compared to the same period in 2015. The table below compares net premiums earned by our reportable segments, reconciled to the total consolidated net premiums earned:

For the Year Ended December 31,	2016		2015		Change in	
	Total	% of Total	Total	% of Total	$	%
	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Diversified Reinsurance	$724,124	28.2 %	$744,875	30.7 %	$(20,751)	(2.8)%
AmTrust Quota Share Reinsurance	1,843,621	71.8 %	1,684,191	69.3 %	159,430	9.5 %
Total - reportable segments	2,567,745	100.0%	2,429,066	100.0%	138,679	5.7 %
Other	405	— %	3	— %	402	NM
Total	$2,568,150	100.0%	$2,429,069	100.0%	$139,081	5.7 %

NM - not meaningful

The $159.4 million increase in net premiums earned in the AmTrust Reinsurance segment for the year ended December 31, 2016 compared to 2015 reflects the impact of AmTrust's strong growth in 2016 from a combination of acquisition activity and ongoing organic growth. Please refer to the analysis of our AmTrust Reinsurance segment on page 78 for further discussion.

Net premiums earned in our Diversified Reinsurance segment decreased by $20.8 million or 2.8% for the year ended December 31, 2016 compared to the same period in 2015. Earned premiums decreased due to the impact of lower 2015 net premiums written for the segment. Please refer to the analysis of our Diversified Reinsurance segment on page 75 for further discussion.

Comparison of Years Ended December 31, 2015 and 2014

Net premiums earned increased by $177.3 million, or 7.9%, for the year ended December 31, 2015 compared to the same period in 2014. The increase in net premiums earned was primarily the result of strong growth in business written in the AmTrust Reinsurance segment offset by a reduction in the earned premiums in our Diversified Reinsurance segment and business included in our Other category.

The table below compares net premiums earned by our reportable segments, reconciled to the total consolidated net premiums earned for the years ended December 31, 2015 and 2014:

For the Year Ended December 31,	2015		2014		Change in	
	Total	% of Total	Total	% of Total	$	%
	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Diversified Reinsurance	$744,875	30.7 %	$854,026	37.9 %	$(109,151)	(12.8)%
AmTrust Quota Share Reinsurance	1,684,191	69.3 %	1,378,327	61.2 %	305,864	22.2 %
Total - reportable segments	2,429,066	100.0%	2,232,353	99.1 %	196,713	8.8 %
Other	3	— %	19,390	0.9 %	(19,387)	NM
Total	$2,429,069	100.0%	$2,251,743	100.0%	$177,326	7.9 %

NM - not meaningful

The net premiums earned in the AmTrust Reinsurance segment increased for the year ended December 31, 2015 compared to 2014 due to the reasons outlined in Net Premiums Written section above. Please refer to the analysis of our AmTrust Reinsurance segment on page 78 for further discussion.

Net premiums earned in our Diversified Reinsurance segment decreased for the year ended December 31, 2015 compared to 2014 due to the reasons outlined in the Net Premiums Written section above. Please refer to the analysis of our Diversified Reinsurance segment on page 75 for further discussion.

Our Other category comprises business in run-off with all premiums written on the agreements being fully earned by December 31, 2014.

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Other Insurance Revenue

All of our Other Insurance Revenue is produced by our Diversified Reinsurance segment. Please refer to page 76 for further discussion.

Net Investment Income, Net Realized Gains on Investment and Net Impairment Losses Recognized in Earnings

Comparison of Years Ended December 31, 2016 and 2015

Net Investment Income - Net investment income increased by $14.8 million, or 11.3%, for the year ended December 31, 2016 compared to the same period in 2015.

For the year ended December 31, 2016, average invested assets grew by 13.0% giving rise to the increase in net investment income compared to the same period in 2015. The growth in net investment income, particularly when compared with the growth in invested assets, continues to be impacted by the current low interest rate environment which showed some improvement in the 4th quarter of 2016.

The following table details the Company's average invested assets and average book yield for the year ended December 31, 2016 compared to the same period in 2015:

For the Year Ended December 31,	2016	2015
	($ in Thousands)	
Average invested assets(1)	$4,947,379	$4,378,413
Average book yield(2)	2.9 %	3.0 %

(1) The average of the Company's investments, cash and cash equivalents, restricted cash and cash equivalents and loan to related party at each quarter-end during the year.
(2) Ratio of net investment income over average invested assets at fair value.

Net Realized Gains on Investment - Net realized gains on investment were $6.8 million for the year ended December 31, 2016, compared to $2.5 million for the same period in 2015.

Net Impairment Losses Recognized in Earnings - The Company did not have an OTTI charge for the year ended December 31, 2016 but recognized $1.1 million of OTTI for the same period in 2015.

Comparison of Years December 31, 2015 and 2014

Net Investment Income - Net investment income increased by $13.9 million, or 11.8%, for the year ended December 31, 2015 compared to the same period in 2014.

For the year ended December 31, 2015, average invested assets grew by 14.7% giving rise to the increase in net investment income compared to the same period in 2014. The growth in average invested assets during this period was the result of: 1) our continued profitable growth; 2) strong positive cash flow from operations during the period reported; and 3) issuance of the Preference Shares - Series C, with net proceeds of $159.6 million. The Company's average book yields were marginally lower for the year ended December 31, 2015 compared to the same period in 2014.

The following table details the Company's average invested assets and average book yield for the year ended December 31, 2015 compared to the same period in 2014:

For the Year Ended December 31,	2015	2014
	($ in Thousands)	
Average invested assets[1]	$4,378,413	$3,818,682
Average book yield[2]	3.0 %	3.1 %

(1) The average of the Company's investments, cash and cash equivalents, restricted cash and loan to related party at each quarter-end during the year.
(2) Ratio of net investment income over average invested assets at fair value.

Net Realized Gains on Investment - Net realized gains on investment were $2.5 million for the year ended December 31, 2015 compared to $1.2 million for the same period in 2014.

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Net Impairment Losses Recognized in Earnings - The Company recognized an OTTI charge of $1.1 million for the year ended December 31, 2015 compared to $2.4 million for the same period in 2014. Following reviews of its fixed maturity investments to determine whether declines in fair value below amortized cost were considered other-than-temporary, the Company determined that there was a credit impairment in respect of one corporate bond. The Company does not intend to sell this security, however we do not believe it is probable that we will recover the amortized cost basis of the security.

Net Loss and Loss Adjustment Expenses

Comparison of Years Ended December 31, 2016 and 2015

Net loss and LAE increased by $186.3 million, or 11.4%, for the year ended December 31, 2016 compared to 2015. This increase reflects the continued growth of the business combined with $165.3 million reserve charges, of which $120.4 million occurred in the 4th quarter, in both our Diversified Reinsurance and AmTrust Reinsurance segments as well as in our NGHC run-off business.

The net loss and LAE ratios were 70.6% and 66.9% for the years ended December 31, 2016 and 2015, respectively. The impact on the net loss and LAE ratios should be considered in conjunction with the commission and other acquisition expense ratio as changes to either ratio arise primarily due to changes in the mix of business and the impact of the change in the commission and other acquisition expense rates on quota share contracts with loss sensitive features. As a result of these factors, combined with adverse development in both our Diversified Reinsurance and AmTrust Reinsurance segments and on the run-off of the NGHC Quota Share, in our Other category, the combined ratio (excluding the general and administrative expense ratio) increased by 4.0 points for the year ended December 31, 2016 compared to 2015.

Comparison of Years Ended December 31, 2015 and 2014

Net loss and LAE increased by $135.3 million, or 9.0%, for the year ended December 31, 2015 compared to 2014. This net increase reflects the continued growth of the business in our AmTrust Reinsurance segment along with the factors offsetting this growth, as discussed in Net Premiums Written above, combined with unfavorable results experienced by Maiden US in its commercial auto liability accounts.

The net loss and LAE ratios were 66.9% and 66.1% for the years ended December 31, 2015 and 2014, respectively. The impact on the net loss and LAE ratios should be considered in conjunction with the commission and other acquisition expense ratio as changes to either ratio arise primarily due to changes in the mix of business and the impact of the increase in the commission and other acquisition expense rates on pro-rata contracts with loss sensitive features. As a result of these factors, combined with adverse development in both our Diversified Reinsurance segment and on the run-off of the NGHC Quota Share, in our Other category, the combined ratio (excluding the general and administrative expense ratio) increased by 1.4 points for the year ended December 31, 2015 compared to 2014.

Commission and Other Acquisition Expenses

Comparison of Years Ended December 31, 2016 and 2015

Commission and other acquisition expenses increased by $49.5 million, or 6.8%, for the year ended December 31, 2016 compared to 2015. The commission and other acquisition expense ratio increased to 30.0% for the year December 31, 2016 compared to 29.7% for the same period in 2015. Please refer to the reasons for the changes in the combined ratio discussed in the Net Loss and Loss Adjustment Expenses section above.

Comparison of Years Ended December 31, 2015 and 2014

Commission and other acquisition expenses increased by $64.9 million, or 9.8%, for the year ended December 31, 2015 compared to 2014. The commission and other acquisition expense ratio increased to 29.7% for the year ended December 31, 2015 compared to 29.1% for the same period in 2014. Please refer to the reasons for the changes in the combined ratio discussed in the Net Loss and Loss Adjustment Expenses section above.

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 consist of:

For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
General and administrative expenses – segments	$38,577	$38,328	$42,148
General and administrative expenses – corporate	28,407	26,544	20,410
Total general and administrative expenses	$66,984	$64,872	$62,558

Comparison of Years Ended December 31, 2016 and 2015

Total general and administrative expenses increased by $2.1 million, or 3.3%, for the year ended December 31, 2016 compared to 2015. The increase in total general and administrative expenses is primarily due to an increase in employee compensation and professional fees offset by a decrease in legal fees. The general and administrative expense ratio decreased to 2.6% for the year ended December 31, 2016 from 2.7% for the year ended December 31, 2015.

Comparison of Years Ended December 31, 2015 and 2014

Total general and administrative expenses increased by $2.3 million, or 3.7%, for the year ended December 31, 2015 compared to 2014. The increase in total general and administrative expenses is primarily due to an increase in employee compensation and professional fees offset by a decrease in legal fees. The general and administrative expense ratio slightly decreased to 2.7% for the year ended December 31, 2015 from 2.8% for the year ended December 31, 2014.

Interest and Amortization Expense and Accelerated Amortization of Debt Discount and Issuance Cost

Comparison of Years Ended December 31, 2016 and 2015

The interest and amortization expenses related to our Senior Notes were $28.2 million for the year ended December 31, 2016 compared to $29.1 million for the same period in 2015. The weighted average effective interest rate for the Company's debt was 8.02% for the year ended December 31, 2016 compared to 8.25% in 2015. Refer to "Notes to Consolidated Financial Statements Note 7. Long Term Debt" for details on the Company’s Senior Notes.

On June 15, 2016, Maiden NA fully redeemed all of its 2011 Senior Notes using the proceeds from the 2016 Senior Notes issuance. The 2011 Senior Notes were redeemed at a redemption price equal to 100% of the principal amount of $107.5 million plus accrued and unpaid interest on the principal amount being redeemed up to, but not including, the redemption date. As a result, the Company accelerated the amortization of the remaining debt issuance cost of $2.3 million.

Comparison of Years Ended December 31, 2015 and 2014

The decrease in interest and amortization expense for the year ended December 31, 2015 compared to the same period in 2014 was due to the Company incurring an interest expense on the junior subordinated debt prior to its redemption on January 15, 2014. The weighted average effective interest rate for the Company's debt was 8.25% for the year ended December 31, 2015 compared to 8.38% for the year ended December 31, 2014. Also, as a result of the redemption, during the year ended December 31, 2014, the Company incurred a non-recurring, non-cash charge of $28.2 million, which represents the accelerated amortization of original issuance discount and write-off of issuance costs associated with the Junior Subordinate Debt.

Income Tax Expense

The Company recorded income tax expense of $1.6 million, $2.0 million and $2.2 million for the years ended December 31, 2016, 2015 and 2014, respectively. These amounts relate to income tax on the earnings of our international subsidiaries, non-cash U.S. deferred tax expense relating to timing differences and state taxes incurred by our U.S. subsidiaries. The effective rate of income tax was 3.2% for the year ended December 31, 2016 compared to 1.6% and 2.1% for the years ended December 31, 2015 and 2014, respectively.

Dividends on Preference Shares

For the year ended December 31, 2016, dividends paid to preference shareholders increased by $9.4 million or 38.7% compared to the same period in 2015. The increase is attributable to the issuance of 6,600,000 7.125% Preference Shares - Series C on November 25, 2015. The dividends paid to preference shareholders were $24.3 million in each of the years ended December 31, 2015 and 2014.

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Underwriting Results by Reportable Segment

Diversified Reinsurance Segment

The underwriting results and associated ratios for our Diversified Reinsurance segment for the years ended December 31, 2016, 2015 and 2014 were as follows:

For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
Gross premiums written	$824,341	$776,852	$897,748
Net premiums written	766,119	734,781	850,049
Net premiums earned	724,124	744,875	854,026
Other insurance revenue	10,817	11,512	13,410
Net loss and LAE	(579,520)	(547,296)	(579,771)
Commission and other acquisition expenses	(188,506)	(196,292)	(233,711)
General and administrative expenses	(35,681)	(35,312)	(38,858)
Underwriting (loss) income	$(68,766)	$(22,513)	$15,096
Ratios			
Net loss and LAE ratio	78.9 %	72.3 %	66.8 %
Commission and other acquisition expense ratio	25.6 %	26.0 %	26.9 %
General and administrative expense ratio	4.9 %	4.7 %	4.6 %
Expense ratio	30.5 %	30.7 %	31.5 %
Combined ratio	109.4 %	103.0 %	98.3 %

Comparison of Years Ended December 31, 2016 and 2015

The combined ratio increased to 109.4% for the year ended December 31, 2016 compared to 103.0% in 2015. Reserve development in commercial auto continued to unfavorably impact our Diversified Reinsurance segment resulting in underwriting losses.

Premiums - Gross premiums written increased by $47.5 million, or 6.1% for the year ended December 31, 2016 compared to the same period in 2015. The increase was primarily due to growth resulting from existing client accounts and premium from new customers won throughout the year as well as the new European treaty contracts written by Maiden Bermuda in 2016.

Net premiums written increased by $31.3 million or 4.3%, for the year December 31, 2016, compared to the same period in 2015 due to the same circumstances as described above related to this segment's gross premiums written. The tables below illustrate net premiums written by line of business in this segment:

For the Year Ended December 31,	2016		2015		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Property	$141,353	18.5 %	$160,939	21.9 %	$(19,586)	(12.2)%
Casualty	466,089	60.8 %	435,625	59.3 %	30,464	7.0 %
Accident and Health	80,004	10.4 %	64,102	8.7 %	15,902	24.8 %
International	78,673	10.3 %	74,115	10.1 %	4,558	6.1 %
Total Diversified Reinsurance	$766,119	100.0%	$734,781	100.0%	$31,338	4.3 %

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Net premiums earned decreased by $20.8 million, or 2.8%, during the year ended December 31, 2016 compared to the same period in 2015. The table below shows net premiums earned by line of business:

For the Year Ended December 31,	2016		2015		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Earned	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Property	$136,629	18.9 %	$157,186	21.1 %	$(20,557)	(13.1)%
Casualty	432,509	59.7 %	449,000	60.3 %	(16,491)	(3.7)%
Accident and Health	74,204	10.2 %	55,672	7.5 %	18,532	33.3 %
International	80,782	11.2 %	83,017	11.1 %	(2,235)	(2.7)%
Total Diversified Reinsurance	$724,124	100.0%	$744,875	100.0%	$(20,751)	(2.8)%

Within our Diversified Reinsurance segment, the business written by both Maiden US and our IIS operations experienced a decrease in net premiums earned for the year ended December 31, 2016 compared to the same period in 2015 due to the impact of higher ceded premiums related to the retrocessional quota share agreement entered in 2015. The decrease, however, was slightly reduced by earned premiums from the European treaty contracts written by Maiden Bermuda in 2016.

Other Insurance Revenue - Other insurance revenue, which represents fee income that is not directly associated with premium revenue assumed by the Company decreased by $0.7 million for the year ended December 31, 2016 compared to the same period in 2015. The decrease was mainly caused by weaker auto sales in Europe.

Net Loss and Loss Adjustment Expenses - Net loss and LAE increased by $32.2 million, or 5.9%, for the year ended December 31, 2016 compared to 2015. Net loss and LAE ratios were 78.9% and 72.3% for the years ended December 31, 2016 and 2015, respectively, reflecting further adverse development primarily from commercial auto liability in Maiden US of $85.7 million.

The impact on the net loss and LAE ratios should be considered in conjunction with the commission and other acquisition expense ratio as changes to either ratio arise primarily due to changes in the mix of business and the impact of the increase in the commission and other acquisition expense rates on pro-rata contracts with loss sensitive features. As a result of these factors, the combined ratio (excluding the general and administrative expense ratio) increased by 6.2 points for the year ended December 31, 2016 compared to 2015.

Commission and Other Acquisition Expenses - Commission and other acquisition expenses decreased by $7.8 million, or 4.0%, for the year ended December 31, 2016 compared to 2015. The commission and other acquisition expense ratios decreased to 25.6% for the year ended December 31, 2016 compared to 26.0% for the same period in 2015. Please refer to the reasons for the changes in the combined ratio discussed in the preceding paragraph.

General and Administrative Expenses - General and administrative expenses increased by $0.4 million, or 1.0%, for the year ended December 31, 2016 compared to 2015. The general and administrative expense ratio was 4.9% and 4.7% for the years ended December 31, 2016 and 2015, respectively. The overall expense ratio (including commission and other acquisition expenses) was 30.5% and 30.7% for the years ended December 31, 2016 and 2015, respectively.

Comparison of Years Ended December 31, 2015 and 2014

The combined ratio increased to 103.0% for the year ended December 31, 2015 compared to 98.3% in 2014 primarily due to increased loss activity in our Maiden US commercial auto liability reinsurance contracts.

Premiums - Gross premiums written decreased by $120.9 million, or 13.5% for the year ended December 31, 2015 compared to the same period in 2014. The decrease was primarily due to a reduction in Maiden US premium following underwriting actions taken by the Company as well as the loss of a large customer and the expiration of a fronting arrangement in September 2014. In addition, there was a reduction in the International business written due to the strengthening of the U.S. dollar.

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Net premiums written decreased by $115.3 million or 13.6%, for the year December 31, 2015, compared to the same period in 2014. The tables below illustrate net premiums written by line of business in this segment:

For the Year Ended December 31,	2015		2014		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Property	$160,939	21.9 %	$160,308	18.8 %	$631	0.4 %
Casualty	435,625	59.3 %	535,518	63.0 %	(99,893)	(18.7)%
Accident and Health	64,102	8.7 %	38,870	4.6 %	25,232	64.9 %
International	74,115	10.1 %	115,353	13.6 %	(41,238)	(35.7)%
Total Diversified Reinsurance	$734,781	100.0%	$850,049	100.0%	$(115,268)	(13.6)%

The decrease arises predominantly due to the same reasons outlined above in the discussion on gross premiums written for this segment. Furthermore, net premiums written decreased for the year ended December 31, 2015 compared to the same period in 2014, following the Company entering into a retrocessional quota share agreement with a highly rated global insurer effective January 1, 2015. There was no such retrocessional quota share agreement in force during 2014.

Net premiums earned decreased by $109.2 million, or 12.8%, during the year ended December 31, 2015 compared to the same period in 2014. The table below shows net premiums earned by line of business:

For the Year Ended December 31,	2015		2014		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Earned	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Property	$157,186	21.1 %	$174,785	20.4 %	$(17,599)	(10.1)%
Casualty	449,000	60.3 %	533,775	62.5 %	(84,775)	(15.9)%
Accident and Health	55,672	7.5 %	39,918	4.7 %	15,754	39.5 %
International	83,017	11.1 %	105,548	12.4 %	(22,531)	(21.3)%
Total Diversified Reinsurance	$744,875	100.0%	$854,026	100.0%	$(109,151)	(12.8)%

Within our Diversified Reinsurance reportable segment, both our US operations and our non-U.S. operations experienced a decrease in net premiums earned for the year ended December 31, 2015 of $83.6 million, or 11.3%, and $25.5 million, or 22.6%, respectively, compared to the same period in 2014, for reasons outlined previously and the impact of a retrocessional quota share agreement effective January 1, 2015 with a highly rated global insurer.

Other Insurance Revenue - Other insurance revenue, which represents fee income that is not directly associated with premium revenue assumed by the Company decreased by $1.9 million for the year ended December 31, 2015 compared to the same period in 2014. This net decrease includes a $2.5 million adverse impact on our non-U.S. dollar denominated fee income due to the continued strengthening of the U.S. dollar, during the year ended December 31, 2015 compared to the foreign currency exchange rates for the same period in 2014, respectively.

Net Loss and Loss Adjustment Expenses - Net loss and LAE decreased by $32.5 million, or 5.6%, for the year ended December 31, 2015 compared to 2014. This decrease reflects the loss of business as discussed in the Net Premiums Written section above combined with the favorable impact of the strengthening of the U.S. dollar on Net loss and LAE. Net loss and LAE ratios were 72.3% and 66.8% for the years ended December 31, 2015 and 2014, respectively, reflecting the adverse development from commercial auto liability in Maiden US.

The impact on the net loss and LAE ratios should be considered in conjunction with the commission and other acquisition expense ratio as changes to either ratio arise primarily due to changes in the mix of business and the impact of the increase in the commission and other acquisition expense rates on pro-rata contracts with loss sensitive features. As a result of these factors, the combined ratio (excluding the general and administrative expense ratio) increased by 4.6 points for the year ended December 31, 2015 compared to 2014.

Commission and Other Acquisition Expenses - Commission and other acquisition expenses decreased by $37.4 million, or 16.0%, for the year ended December 31, 2015 compared to 2014. The commission and other acquisition expense ratios decreased to 26.0% for the year ended December 31, 2015 compared to 26.9% for the same period in 2014. Please refer to the reasons for the changes in the combined ratio discussed in the preceding paragraph.
General and Administrative Expenses - Consistent with the Company's growth, general and administrative expenses decreased by $3.5 million, or 9.1%, for the year ended December 31, 2015 compared to 2014. The general and administrative expense ratio was 4.7% and 4.6% for the years ended December 31, 2015 and 2014, respectively. The overall expense ratio (including commission and other acquisition expenses) was 30.7% and 31.5% for the years ended December 31, 2015 and 2014, respectively.

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AmTrust Reinsurance Segment

The AmTrust Reinsurance segment reported strong growth in premiums in each of the comparative periods reported. The underwriting results and associated ratios for the AmTrust Reinsurance segment for the years ended December 31, 2016, 2015 and 2014 were as follows:

For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
Gross premiums written	$2,006,646	$1,885,974	$1,610,485
Net premiums written	1,888,428	1,779,334	1,610,485
Net premiums earned	1,843,621	1,684,191	1,378,327
Net loss and LAE	(1,225,830)	(1,074,072)	(893,502)
Commission and other acquisition expenses	(584,820)	(527,863)	(418,908)
General and administrative expenses	(2,896)	(3,016)	(2,533)
Underwriting income	$30,075	$79,240	$63,384
Ratios			
Net loss and LAE ratio	66.5%	63.8%	64.8%
Commission and other acquisition expense ratio	31.7%	31.3%	30.4%
General and administrative expense ratio	0.2%	0.2%	0.2%
Expense ratio	31.9%	31.5%	30.6%
Combined ratio	98.4%	95.3%	95.4%

Comparison of Years Ended December 31, 2016 and 2015

The AmTrust Reinsurance segment continued to experience growth during the year ended December 31, 2016 compared to 2015. However, the segment experienced an increase in the combined ratio to 98.4% for the year ended December 31, 2016 compared to 95.3% in 2015 largely due to a fourth quarter reserve charge of $52.0 million related primarily to program commercial auto as well as program general liability.

Premiums - Gross premiums written increased by $120.7 million or 6.4% for the year ended December 31, 2016 compared to the same period in 2015. Growth in our AmTrust Reinsurance segment is due to additional 2016 premium relating to acquisitions made by AmTrust, ceded for the first time, and ongoing organic growth and also reflects the removal of certain classes of business which we commuted with AmTrust in the fourth quarter of 2015.

The table below shows net premiums written by this segment for the years ended December 31, 2016 and 2015:

For the Year Ended December 31,	2016		2015		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Small Commercial Business	$1,181,496	62.6%	$1,057,968	59.5%	$123,528	11.7%
Specialty Program	344,677	18.2%	332,416	18.7%	12,261	3.7%
Specialty Risk and Extended Warranty	362,255	19.2%	388,950	21.8%	(26,695)	(6.9)%
Total AmTrust Reinsurance	$1,888,428	100.0%	$1,779,334	100.0%	$109,094	6.1%

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Net premiums earned increased by $159.4 million, or 9.5% for the year ended December 31, 2016 compared to the same period in 2015. The increase is primarily due to AmTrust's prior year written premium growth.

The table below details net premiums earned by line of business for the years ended December 31, 2016 and 2015:

For the Year Ended December 31,	2016		2015		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Earned	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Small Commercial Business	$1,131,582	61.4 %	$984,333	58.5 %	$147,249	15.0 %
Specialty Program	337,396	18.3 %	290,209	17.2 %	47,187	16.3 %
Specialty Risk and Extended Warranty	374,643	20.3 %	409,649	24.3 %	(35,006)	(8.5)%
Total AmTrust Reinsurance	$1,843,621	100.0%	$1,684,191	100.0%	$159,430	9.5 %

Net Loss and Loss Adjustment Expenses - Net loss and LAE increased by $151.8 million, or 14.1%, for the year ended December 31, 2016 compared to the same period in 2015. Net loss and LAE ratios were 66.5% and 63.8% for the years ended December 31, 2016 and 2015, respectively. The net loss and LAE ratio increased largely due to the reserve increase in the 4th quarter, which primarily affected program commercial auto as well as program general liability reserves.

Commission and Other Acquisition Expenses - Commission and other acquisition expenses increased by $57.0 million, or 10.8%, for the year ended December 31, 2016 compared to 2015. The commission and other acquisition expense ratio increased to 31.7% for the year ended December 31, 2016 compared to 31.3% in 2015. The increase in the ratio during the year ended December 31, 2016 compared to 2015 reflects the higher proportion of net premiums earned from the Reinsurance Agreement, which has a higher commission rate than the European Hospital Liability Quota Share.

General and Administrative Expenses - General and administrative expenses decreased by $0.1 million, or 4.0%, for the year ended December 31, 2016 compared to the same period in 2015. The general and administrative expense ratio has remained flat at 0.2% for both years ended December 31, 2016 and 2015. The overall expense ratio (including commission and other acquisition expenses) was 31.9% and 31.5% for the years ended December 31, 2016 and 2015, respectively.

Comparison of Years Ended December 31, 2015 and 2014

The AmTrust Reinsurance segment continues to experience strong profitable growth during the year ended December 31, 2015 compared to 2014. The combined ratio decreased slightly to 95.3% for the year ended December 31, 2015 compared to 95.4% in 2014, generally reflecting this segment's overall stable combined loss ratios.

Premiums - Gross premiums written increased by $275.5 million or 17.1% for the year ended December 31, 2015 compared to the same period in 2014. This increase reflects the continued ongoing growth, through strategic acquisitions and organically, particularly in U.S. workers' compensation and specialty program business. This increase was offset partially by: 1) the Company entering into an agreement with AmTrust to commute outstanding liabilities, loss reserves and unearned premiums associated with certain classes and lines of business which reduced gross written premiums by approximately 3.4% for the year ended December 31, 2015; and 2) the impact of foreign exchange movements on the non-U.S. dollar business ceded to us by AmTrust.

The table below shows net premiums written by this segment for the years ended December 31, 2015 and 2014:

For the Year Ended December 31,	2015		2014		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Written	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Small Commercial Business	$1,057,968	59.5 %	$857,576	53.2 %	$200,392	23.4 %
Specialty Program	332,416	18.7 %	220,121	13.7 %	112,295	51.0 %
Specialty Risk and Extended Warranty	388,950	21.8 %	532,788	33.1 %	(143,838)	(27.0)%
Total AmTrust Reinsurance	$1,779,334	100.0%	$1,610,485	100.0%	$168,849	10.5 %

Net premiums earned increased by $305.9 million, or 22.2% for the year ended December 31, 2015 compared to the same period in 2014. This increase is due to the reasons outlined above in the Net Premiums Written section.

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The table below details net premiums earned by line of business for the years ended December 31, 2015 and 2014:

For the Year Ended December 31,	2015		2014		Change in	
	Total	% of Total	Total	% of Total	$	%
Net Premiums Earned	($ in Thousands)		($ in Thousands)		($ in Thousands)	
Small Commercial Business	$984,333	58.5 %	$752,188	54.6 %	$232,145	30.9 %
Specialty Program	290,209	17.2 %	175,286	12.7 %	114,923	65.6 %
Specialty Risk and Extended Warranty	409,649	24.3 %	450,853	32.7 %	(41,204)	(9.1)%
Total AmTrust Reinsurance	$1,684,191	100.0%	$1,378,327	100.0%	$305,864	22.2 %

Net Loss and Loss Adjustment Expenses - Net loss and LAE increased by $180.6 million, or 20.2%, for the year ended December 31, 2015 compared to the same period in 2014. Net loss and LAE ratios were 63.8% and 64.8% for the years ended December 31, 2015 and 2014, respectively. The net loss and LAE ratio has improved primarily due to the continued change in the segment's mix of business.

Commission and Other Acquisition Expenses - Commission and other acquisition expenses increased by $109.0 million, or 26.0%, for the year ended December 31, 2015 compared to 2014. The commission and other acquisition expense ratio increased to 31.3% for the year ended December 31, 2015 compared to 30.4% in 2014. The increase in the ratio during the year ended December 31, 2015 compared to 2014 reflects 1) the higher proportion of net premiums earned from the Reinsurance Agreement, which has a higher commission rate than the European Hospital Liability Quota Share; and 2) increase in Specialty Program business, within which is a component with the highest commission rate in the Reinsurance Agreement of 34.375%.

General and Administrative Expenses - General and administrative expenses increased by $0.5 million, or 19.1%, for the year ended December 31, 2015 compared to the same period in 2014. The general and administrative expense ratio has remained flat at 0.2% for both years ended December 31, 2015 and 2014. The overall expense ratio (including commission and other acquisition expenses) was 31.5% and 30.6% for the years ended December 31, 2015 and 2014, respectively.

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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, 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 statutory solvency and liquidity requirements. Some jurisdictions also place restrictions on the declaration and payment of dividends and other distributions.

The amount of dividends that can be distributed from Maiden Bermuda is, under certain circumstances, limited under Bermuda law and Bermuda regulatory requirements, which requires our Bermuda operating subsidiary to maintain certain measures of solvency and liquidity in accordance with the BSCR. At December 31, 2016, the statutory capital and surplus of Maiden Bermuda was $1,470.2 million. Maiden Bermuda is allowed to pay dividends or distributions not exceeding $453.4 million. During 2016 and 2015, Maiden Bermuda paid dividends of $445.0 million and $nil, respectively, to Maiden Holdings.

Maiden US is subject to regulatory restrictions limiting their ability to declare and pay dividends by the state of Missouri where it is domiciled. In addition, there are restrictions based on risk-based capital, a test which is the threshold that constitutes the authorized control level. If Maiden US's statutory capital and surplus falls below the authorized control level, the insurance regulator is authorized to take whatever regulatory actions are considered necessary to protect policyholders and creditors. At December 31, 2016, Maiden US has statutory capital and surplus of $296.6 million, which exceeds the required level of minimum statutory capital and surplus by the state of Missouri. During 2016 and 2015, Maiden US paid no dividends.

Maiden Holdings has two Swedish domiciled operating subsidiaries, Maiden LF and Maiden GF, both regulated by the Swedish FSA. At December 31, 2016, Maiden LF has statutory capital and surplus of $8.1 million, which exceeds the amount required to be maintained of $3.9 million at December 31, 2016. Maiden LF is subject to statutory and regulatory restrictions under the Swedish FSA that limit the maximum amount of annual dividends or distributions paid by Maiden LF to Maiden Holdings. At December 31, 2016, Maiden LF is allowed to pay dividends or distributions not exceeding $2.8 million. During 2016 and 2015, Maiden LF paid no dividends. Maiden GF was granted a general insurance license effective September 14, 2016 with an approved level of initial statutory capital and surplus of $6.1 million. Maiden GF wrote no business in 2016 as such, its first filing with the Swedish FSA will be for the period ending December 31, 2017.

Maiden Holdings’ wholly owned U.K. subsidiary, Maiden Global, operates as a reinsurance services and holding company, is subject to regulation by the U.K. Financial Conduct Authority (the "FCA") that limit the maximum amount of annual dividends or distributions paid by Maiden Global to the Company. At December 31, 2016, Maiden Global is allowed to pay dividends or distributions not exceeding $2.4 million. During 2016 and 2015, Maiden Global paid no dividends to Maiden Holdings.

Maiden Global's wholly owned subsidiary in Netherlands, Maiden Nederland B.V. ("Maiden Nederland"), operates as an insurance intermediary and is subject to regulation by the Netherlands Authority for Financial Markets (the "AFM"). There are no statutory minimum capital requirements imposed on Maiden Nederland by the AFM.

Our sources of funds primarily consist of premium receipts net of commissions, 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 LAE, general and administrative expenses and dividends, with the remainder made available to our investment managers for investment in accordance with our investment policy.

The table below summarizes our operating, investing and financing cash flows for the years ended December 31, 2016, 2015 and 2014:

For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
Operating activities	$470,132	$634,298	$651,645
Investing activities	(439,204)	(750,678)	(471,884)
Financing activities	(76,780)	99,751	(208,390)
Effect of exchange rate changes on foreign currency cash	1,958	(1,849)	(3,085)
Total decrease in cash and cash equivalents	$(43,894)	$(18,478)	$(31,714)

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Cash Flows from Operating Activities

Cash flows from operations for the year ended December 31, 2016 were $470.1 million compared to $634.3 million for the year ended December 31, 2015, a 25.9% decrease. This decrease in cash flows from operating activities arises primarily due to the settlement of the $107.0 million commutation with AmTrust during the first quarter of 2016. Operating cash flows in 2015 were also favorably impacted by AmTrust's integration of Tower Group which now has been completed.

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 $439.2 million for the year ended December 31, 2016 compared to $750.7 million for the same period in 2015. The Company continues to deploy available cash for longer-term investments as investment conditions permit and to maintain, where possible, cash and cash equivalents balances at low levels. For the year ended December 31, 2016, the purchases of fixed maturity securities exceeded the proceeds from the sales, maturities and calls by $578.8 million. This outflow was offset by the decrease in restricted cash and cash equivalents of $138.9 million combined with net proceeds from other investing activities of $0.7 million.

Cash Flows from Financing Activities

The net cash (used in) provided by financing activities for the years ended December 31, 2016, 2015 and 2014 was as follows:

For the Year Ended December 31,	2016	2015	2014
	($ in Thousands)		
Cash flows from Financing Activities			
Senior notes, net of issuance costs	$106,285	$—	$—
Redemption of 2011 senior notes	(107,500)	—	—
Redemption of junior subordinated debt	—	—	(152,500)
Preference shares, net of issuance costs	(143)	159,628	—
Issuance of common shares	1,931	3,318	592
Repurchase of common shares	(470)	(654)	(66)
Dividends paid - Maiden common shareholders	(43,127)	(38,204)	(32,079)
Dividends paid - preference shares	(33,756)	(24,337)	(24,337)
Net cash (used in) provided by financing activities	$(76,780)	$99,751	$(208,390)

The cash outflow in 2016 mainly arises from the payment of dividends to both common and preference shareholders of $76.9 million which is $14.3 million higher than in 2015 representing the increase in dividend per common to $0.57 for the year ending December 31, 2016 from $0.53 for the same period in 2015 and the dividend on Preference shares - Series C of $12.4 million following issuance on November 25, 2015. The issuance of the Preference shares - Series C increased the cash provided by financing activities by $159.6 million in 2015.

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., except as a certified reinsurer in the State of Missouri. 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 was approved as a certified reinsurer in the State of Missouri for purposes of providing reduced collateral for reinsurance reserve credit effective October 1, 2016 to December 31, 2017. Based on a Financial Strength Rating granted of Secure-5, Maiden Bermuda is allowed to post 75% collateral and still enable an authorized insurer to qualify for full reserve credit with respect to reinsurance contracts renewed or entered into on or after the date certified.

Maiden Bermuda uses trust accounts, loan to related party and letters of credit to meet collateral requirements - consequently, cash and cash equivalents and investments are pledged in favor of ceding companies in order to comply with relevant insurance regulations or contractual requirements.

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 giving clients the additional security a collateralized arrangement offers. We believe this offers the Company a significant competitive advantage and improves Maiden US's retention of high-quality clients.

At December 31, 2016, total cash and cash equivalents and fixed maturity investments used as collateral were $4.4 billion compared to $3.7 billion at December 31, 2015. The increase was primarily attributable to the increase in assets provided as collateral for the AmTrust Reinsurance segment reflecting continued growth.

The following table details additional information on those assets at December 31, 2016 and 2015:

December 31,	2016			2015		
	Restricted Cash & Equivalents ($ in Thousands)	Fixed Maturities	Total	Restricted Cash & Equivalents ($ in Thousands)	Fixed Maturities	Total
Maiden US	$26,990	$994,638	$1,021,628	$71,331	$864,591	$935,922
Maiden Bermuda	30,789	312,427	343,216	31,671	210,481	242,152
Diversified Reinsurance	57,779	1,307,065	1,364,844	103,002	1,075,072	1,178,074
Maiden Bermuda	45,531	2,975,228	3,020,759	138,896	2,329,793	2,468,689
AmTrust Reinsurance	45,531	2,975,228	3,020,759	138,896	2,329,793	2,468,689
Maiden Bermuda	478	12,715	13,193	961	29,588	30,549
Other	478	12,715	13,193	961	29,588	30,549
Total	$103,788	$4,295,008	$4,398,796	$242,859	$3,434,453	$3,677,312
As a % of Consolidated Balance Sheet captions	100.0 %	90.9 %	91.1 %	100.0 %	83.4 %	84.4 %

As part of the Reinsurance Agreement, Maiden Bermuda has also loaned funds to AmTrust totaling $168.0 million at December 31, 2016 and 2015, respectively, to partially 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 and preference shares.

Investments

The investment of our funds is designed to ensure safety of principal while generating current income. Accordingly, our funds are invested in liquid, investment-grade fixed income securities which are designated as either AFS or HTM. In both 2015 and 2016, the Company designated certain corporate bonds previously classified as AFS to HTM to reflect our intention of holding these corporate bonds until maturity. See "Notes to Consolidated Financial Statements Note 4. Investments" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

The Company's AFS fixed maturity investments increased by $463.6 million or 13.2% at December 31, 2016 compared to 2015. The net increase in the fair value of our AFS fixed maturity investments is a combination of (1) net purchases of $1,266.8 million, comprising of primarily asset-backed securities and investment grade corporate bonds and (2) net unrealized gains and amortization of $10.1 million; offset by (3) maturities and calls totaling $657.8 million; and (4) designation of $155.5 million of investment grade corporate bonds as HTM.

During the year ended December 31, 2016, the yield on the 10-year U.S. Treasury bond increased by 18 basis points to 2.45%. The 10-year U.S. Treasury is the key risk-free determinant in the fair value of many of the securities in our AFS portfolio. The increase in interest rates during 2016 reflects the adjustments by the U.S. central bank to reflect improving economic indicators, along with expectations that near–term economic conditions would be more influenced by fiscal policy in the U.S. and internationally, as opposed to monetary policy as has been experienced in recent years.

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The movement in unrealized gain/loss in our AFS fixed maturity portfolio was a gain of $20.8 million, primarily due to an increase in interest rates and an increase in corporate spreads. This gain is net of unrealized foreign exchange losses of $15.1 million arising on our non-U.S. dollar denominated investment portfolio, primarily on our euro-denominated investments, following the strengthening of the U.S. dollar versus the euro during the year ended December 31, 2016. These declines were substantially offset by decreases in our non-U.S. dollar net liabilities which are reflected in the movement in our cumulative translation adjustment, which is also a component of AOCI, in our shareholders' equity. See "Liquidity and Capital Resources - Capital Resources" on page 90 for further information.

At December 31, 2016, we consider the levels of cash and cash equivalents we are holding to be within our targeted ranges. However, during periods when interest rates experience greater volatility, we have periodically maintained more cash and cash equivalents in order to better assess current market conditions and opportunities within our defined risk appetite, and may do so in future periods.

In order to limit our exposure to unexpected interest rate increases which would reduce the value of our fixed income securities and reduce our shareholders' equity, we attempt to maintain the duration of our fixed maturity investment portfolio combined with our cash and cash equivalents, both restricted and unrestricted, within a reasonable range of the duration of our loss reserves.

At December 31, 2016 and 2015, these respective durations in years were as follows:

December 31,	2016	2015
Fixed maturities and cash and cash equivalents	4.9	4.7
Reserve for loss and LAE	3.8	4.4

The increase of 0.2 years in the weighted average duration of our fixed maturity investment portfolio arises predominantly due to purchases during the 4th quarter to take advantage of increasing yields with a higher duration than the fixed maturity investment portfolio at December 31, 2016 combined with an increase in the duration of our Agency MBS portfolio reflecting the impact of the volatility in interest rates on paydowns.

The differential in duration between these assets and liabilities may fluctuate over time and in the case of fixed maturities, is affected by factors such as market conditions, changes in asset mix and prepayment speeds in the case of both our Agency MBS and commercial mortgage-backed securities ("CMBS").

The average yield and average duration of our fixed maturities, by asset class, and our cash and cash equivalents (restricted and unrestricted) are as follows:

December 31, 2016	Original or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Average yield[1]	Average duration[2]
AFS fixed maturities	($ in Thousands)					
U.S. treasury bonds	$5,186	$ 238	$(11)	$5,413	3.0 %	2.4
U.S. agency bonds – mortgage-backed	1,720,436	12,867	(17,265)	1,716,038	2.8 %	4.9
U.S. agency bonds – other	18,082	20	—	18,102	3.2 %	8.9
Non-U.S. government and supranational bonds	35,158	73	(5,297)	29,934	2.4 %	3.4
Asset-backed securities	217,232	3,713	(69)	220,876	4.6 %	2.5
Corporate bonds	1,947,347	30,951	(62,093)	1,916,205	3.5 %	5.4
Municipal bonds	62,201	2,897	—	65,098	4.2 %	6.5
Total AFS fixed maturities	4,005,642	50,759	(84,735)	3,971,666	3.2 %	5.1
HTM fixed maturities						
Corporate bonds	752,212	16,370	(2,447)	766,135	3.6 %	5.2
Total HTM fixed maturities	752,212	16,370	(2,447)	766,135		
Cash and cash equivalents	149,535	—	—	149,535	0.1 %	0.0
Total	$4,907,389	$ 67,129	$(87,182)	$4,887,336	3.2 %	4.9

December 31, 2015	Original or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Average yield[1]	Average duration[2]
AFS fixed maturities	($ in Thousands)					
U.S. treasury bonds	$5,714	$ 312	$(16)	$6,010	2.9 %	2.5
U.S. agency bonds – mortgage-backed	1,471,782	15,399	(10,190)	1,476,991	2.8 %	4.5
U.S. agency bonds – other	23,734	577	—	24,311	3.6 %	8.5
Non-U.S. government and supranational bonds	35,128	—	(4,584)	30,544	2.6 %	4.0
Asset-backed securities	165,719	1,174	(1,089)	165,804	4.1 %	4.6
Corporate bonds	1,798,610	38,070	(97,012)	1,739,668	3.8 %	5.0
Municipal bonds	62,177	2,583	—	64,760	4.2 %	6.3
Total AFS fixed maturities	3,562,864	58,115	(112,891)	3,508,088	3.4 %	4.8
HTM fixed maturities						
Corporate bonds	607,843	3,458	(12,326)	598,975	3.9 %	6.4
Total HTM fixed maturities	607,843	3,458	(12,326)	598,975		
Cash and cash equivalents	332,500	—	—	332,500	0.2 %	0.0
Total	$4,503,207	$ 61,573	$(125,217)	$4,439,563	3.2 %	4.7

(1) Average yield is calculated by dividing annualized investment income for each sub-component of AFS and HTM securities and cash and cash equivalents (including amortization of premium or discount) by amortized cost.

(2) Average duration in years.

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The following table summarizes the Company's fixed maturity investment portfolio holdings by contractual maturity at December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	AFS fixed maturities	HTM fixed maturities	AFS fixed maturities	HTM fixed maturities
	Fair Value	Amortized cost	Fair Value	Amortized Cost
	($ in Thousands)			
Due in one year or less	$61,219	$—	$180,407	$—
Due after one year through five years	560,141	260,557	475,103	67,371
Due after five years through ten years	1,371,356	486,568	1,180,221	540,472
Due after ten years	42,036	5,087	29,562	—
	2,034,752	752,212	1,865,293	607,843
U.S. agency bonds – mortgage-backed	1,716,038	—	1,476,991	—
Asset-backed securities	220,876	—	165,804	—
Total fixed maturities	$3,971,666	$752,212	$3,508,088	$607,843

Substantially all of the Company’s U.S. agency bond holdings are mortgage-backed. Additional details on the Agency MBS at December 31, 2016 and 2015 were as follows:

December 31,	2016		2015	
	Fair Value	% of Total	Fair Value	% of Total
U.S. agency bonds - mortgage-backed	($ in Thousands)		($ in Thousands)	
Residential mortgage-backed (RMBS)				
GNMA – fixed rate	$368,142	21.2 %	$139,504	9.3 %
FNMA – fixed rate	800,947	46.2 %	791,654	52.7 %
FNMA – variable rate	17,761	1.0 %	22,109	1.5 %
FHLMC – fixed rate	523,983	30.2 %	517,308	34.5 %
FHLMC – variable rate	5,205	0.3 %	6,416	0.4 %
Total U.S. agency bonds - mortgage-backed	1,716,038	98.9 %	1,476,991	98.4 %
Non-MBS fixed rate agency bonds	18,102	1.1 %	24,311	1.6 %
Total U.S. agency bonds	$1,734,140	100.0%	$1,501,302	100.0%

The following table provides a summary of changes in fair value associated with our U.S. agency bonds - mortgage-backed portfolio:

December 31,	2016	2015
U.S. agency MBS:	($ in Thousands)	
Beginning balance	$1,476,991	$1,322,443
Purchases	637,072	586,367
Sales, calls and paydowns	(381,529)	(423,324)
Net realized gains on sales – included in net income	230	122
Change in net unrealized losses – included in other comprehensive income	(9,633)	(3,316)
Amortization of bond premium and discount	(7,093)	(5,301)
Ending balance	$1,716,038	$1,476,991

Our Agency MBS portfolio is 36.3% of our fixed maturity investments at December 31, 2016. Given the relative size of this portfolio to our total investments, if faster prepayment patterns were to occur over an extended period of time, this could potentially limit the growth in our investment income in certain circumstances, or even potentially reducing the total amount of investment income we earn.

At December 31, 2016 and December 31, 2015, 96.5% and 97.5%, respectively, of our fixed maturity investments 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 equivalent, or less. See "Part IV, Item 8 - Notes to Consolidated Financial Statements Note 4. Investments" for additional information on the credit rating of our fixed income portfolio.

The following summarizes the credit ratings of our fixed maturities:

Ratings(1) at December 31,	2016		2015	
	Amortized cost	Fair value	Amortized cost	Fair value
	($ in Thousands)			
U.S. treasury bonds	$5,186	$5,413	$5,714	$6,010
U.S. agency bonds	1,738,518	1,734,140	1,495,516	1,501,302
AAA	170,515	171,090	170,190	170,391
AA+, AA, AA-	238,315	237,169	222,506	223,084
A+, A, A-	1,386,023	1,374,860	1,075,550	1,066,794
BBB+, BBB, BBB-	1,053,529	1,047,376	1,077,064	1,039,228
BB+ or lower	165,768	167,753	124,167	100,254
Total	$4,757,854	$4,737,801	$4,170,707	$4,107,063

(1) Ratings as assigned by S&P, or equivalent

The security holdings by sector and financial strength rating of our corporate bond holdings at December 31, 2016 and 2015 were as follows:

	Ratings(1)						
December 31, 2016	AAA	AA+, AA, AA-	A+, A, A-	BBB+, BBB, BBB-	BB+ or lower	Fair Value	% of Corporate bonds portfolio
						($ in Thousands)	
Corporate bonds							
Basic Materials	— %	— %	1.5 %	4.1 %	2.4 %	$213,904	8.0 %
Communications	— %	0.5%	1.3 %	6.6 %	— %	223,984	8.4 %
Consumer	— %	0.4%	14.9%	8.9 %	0.3 %	657,717	24.5 %
Energy	— %	1.0%	3.8 %	2.7 %	2.1 %	256,449	9.6 %
Financial Institutions	1.4%	2.3%	22.1%	12.6%	0.2 %	1,035,759	38.6 %
Industrials	— %	0.8%	2.0 %	2.9 %	0.6 %	170,030	6.3 %
Technology	— %	2.2%	1.1 %	0.6 %	0.7 %	124,497	4.6 %
Total Corporate bonds	1.4%	7.2%	46.7%	38.4%	6.3 %	$2,682,340	100.0 %

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December 31, 2015	Ratings[(1)] AAA	AA+, AA, AA-	A+, A, A-	BBB+, BBB, BBB-	BB+ or lower	Fair Value ($ in Thousands)	% of Corporate bonds portfolio
Corporate bonds							
Basic Materials	— %	— %	1.1 %	5.4 %	1.3 %	$ 182,513	7.8 %
Communications	— %	0.6 %	0.8 %	7.7 %	— %	211,979	9.1 %
Consumer	— %	1.0 %	12.3 %	9.3 %	0.3 %	535,236	22.9 %
Energy	— %	1.3 %	1.7 %	3.2 %	1.9 %	189,788	8.1 %
Financial Institutions	1.7 %	1.6 %	23.5 %	14.3 %	0.1 %	963,081	41.2 %
Industrials	— %	0.5 %	1.7 %	3.7 %	0.5 %	149,882	6.4 %
Technology	— %	2.3 %	1.6 %	0.4 %	0.2 %	106,164	4.5 %
Total Corporate bonds	1.7 %	7.3 %	42.7 %	44.0 %	4.3 %	$ 2,338,643	100.0 %

(1) Ratings as assigned by S&P, or equivalent

During the year ended December 31, 2016, the Company's allocation to corporate bonds rated BBB (including those with a + or - modifier) was generally stable, as we approached our maximum allocation to those securities as a percentage of the total fixed maturities portfolio.

The Company’s ten largest corporate holdings, all of which are U.S. dollar denominated and 60.7% of which are in the Financial Institutions sector, at December 31, 2016 as carried at fair value and as a percentage of all fixed income securities were as follows:

December 31, 2016	Fair Value ($ in Thousands)	% of Holdings Based on Fair Value of All Fixed Income Securities	Rating[(1)]
Schlumberger Holdings Corporation, 4.00% Due 12/21/2025	$ 26,228	0.6 %	AA-
Aust & New Zealand Banking Group, 3.70% Due 11/16/2025	25,984	0.6 %	AA-
Morgan Stanley, 4.00% Due 7/23/2025	25,672	0.5 %	BBB+
BNP Paribas, 5.00% Due 1/15/2021	20,849	0.5 %	A
JP Morgan Chase & Co, 3.90% Due 7/15/2025	20,587	0.4 %	A-
Gilead Sciences Inc, 3.65% Due 3/1/2026	20,302	0.4 %	A
Rabobank Nederland Utrec, 3.88% Due 2/8/2022	20,180	0.4 %	A+
IBM Corp, 7.00% Due 10/30/2025	19,962	0.4 %	AA-
Vale Overseas Ltd, 4.38% Due 1/11/2022	19,700	0.4 %	BBB-
Brookfield Asset Management Inc, 4.00%, Due 1/15/2025	19,651	0.4 %	A-
Total	$ 219,115	4.6 %	

(1) Ratings as assigned by S&P, or equivalent

We own the following securities not denominated in U.S. dollars:

December 31,	2016		2015	
	Fair Value ($ in Thousands)	% of Total	Fair Value ($ in Thousands)	% of Total
Non-U.S. dollar denominated corporate bonds	$345,646	92.3 %	$323,340	91.6 %
Non-U.S. government and supranational bonds	28,980	7.7 %	29,544	8.4 %
Total non-U.S. dollar denominated AFS securities	$374,626	100.0%	$352,884	100.0%

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These securities are invested in the following currencies:

December 31,	2016		2015	
	Fair Value ($ in Thousands)	% of Total	Fair Value ($ in Thousands)	% of Total
Euro	$315,768	84.3 %	$299,332	84.8 %
British Pound	39,154	10.5 %	41,364	11.7 %
Australian Dollar	10,089	2.7 %	3,983	1.1 %
Swedish Krona	5,015	1.3 %	5,831	1.7 %
All other	4,600	1.2 %	2,374	0.7 %
Total non-U.S. dollar denominated AFS securities	$374,626	100.0%	$352,884	100.0%

The net increase in non-U.S. denominated fixed maturities is primarily due to purchases. We do not have any non-U.S. government and government related obligations of Greece, Ireland, Italy, Portugal and Spain at December 31, 2016 and 2015. At December 31, 2016 and 2015, 100.0% of the Company's non-U.S. government and supranational issuers were rated A+ or higher by S&P.

For our non-U.S. dollar denominated corporate bonds, the following table summarizes the composition of the fair value of our fixed maturity investments at the dates indicated by ratings:

Ratings[1] at December 31,	2016		2015	
	Fair Value ($ in Thousands)	% of Total	Fair Value ($ in Thousands)	% of Total
AAA	$31,704	9.2 %	$32,779	10.1 %
AA+, AA, AA-	30,535	8.8 %	17,325	5.4 %
A+, A, A-	161,845	46.8 %	149,376	46.2 %
BBB+, BBB, BBB-	114,456	33.1 %	117,863	36.5 %
BB+ or lower	7,106	2.1 %	5,997	1.8 %
Total non-U.S. dollar denominated corporate bonds	$345,646	100.0%	$323,340	100.0%

(1) Ratings as assigned by S&P, or equivalent

The Company does not employ any credit default protection against any of the fixed maturities held in non-U.S. denominated currencies.

Reserve for Loss and Loss Adjustment Expenses

The Company establishes loss reserves to cover the estimated liability for the payment of all loss and LAE incurred with respect to premiums earned on the contracts that the Company writes. Loss reserves do not represent an exact calculation of the liability. Estimates of ultimate liabilities are contingent on many future events and the eventual outcome of these events may be different from the assumptions underlying the reserve estimates. The Company believes that the recorded unpaid loss and LAE represent management’s best estimate of the cost to settle the ultimate liabilities based on information available at December 31, 2016.

At December 31, 2016 and 2015, the Company recorded gross reserves for unpaid loss and LAE of $2.9 billion and $2.5 billion, respectively, and net reserves for unpaid loss and LAE of $2.8 billion and $2.4 billion for December 31, 2016 and 2015, respectively. See "Business — Reserve for Loss and Loss Adjustment Expenses" in Item 1 of Part I of this Report, "Critical Accounting Policies and Estimates — Reserve for Loss and Loss Adjustment Expenses" and "Results of Operations" above for a discussion of loss and LAE and prior years' reserve developments.

Other Balance Sheet Changes

The following summarizes other material balance sheet changes of the Company at December 31, 2016 and 2015:

December 31,	2016	2015	Change	Change
	($ in Thousands)			%
Reinsurance balances receivable, net	$410,166	$377,318	$32,848	8.7 %
Reserve for loss and LAE	2,896,496	2,510,101	386,395	15.4 %
Unearned premiums	1,475,506	1,354,572	120,934	8.9 %

The reinsurance balances receivable, net increased by $32.8 million, or 8.7%, primarily due to the continued growth of our AmTrust Reinsurance segment in 2016 compared to 2015, which was lowered by the commutation agreement with AmTrust of $107.0 million. The reserve for net loss and LAE increased following the continued growth in our AmTrust Reinsurance segment combined with adverse development experienced in both our reportable segments including the reserve charge recognized of $120.4 million in all segments including the NGHC run-off business during the fourth quarter. The unearned premiums also increased following the continued growth in our AmTrust Reinsurance segment.

Capital Resources

Capital resources consist of funds deployed or available to be deployed in support of our operations. Our total capital resources were $1,723.3 million at December 31, 2016, a $15.5 million, or 0.9%, net increase from $1,707.8 million at December 31, 2015.

The following table shows the movement in total capital resources at December 31, 2016 and 2015:

December 31,	2016	2015	Change	Change
	($ in Thousands)			%
Preference shares	$315,000	$480,000	$(165,000)	(34.4)%
Common shareholders' equity	1,045,797	867,821	177,976	20.5 %
Total Maiden shareholders' equity	1,360,797	1,347,821	12,976	1.0 %
Senior Notes - principal amount	362,500	360,000	2,500	0.7 %
Total capital resources	$1,723,297	$1,707,821	$15,476	0.9 %

The major factors contributing to the net increase in capital resources were as follows:

Maiden shareholders' equity

Total Maiden shareholders' equity at December 31, 2016 increased by $13.0 million, or 1.0%, compared to December 31, 2015 primarily due to:

- net income attributable to Maiden of $49.0 million. See "Results of Operations - Net Income" on page 69 for a discussion of the Company’s net income for the year ended December 31, 2016;

- net increase in AOCI of $38.8 million. This increase arose due to: 1) increase in AOCI of $33.4 million which arose from the net increase in our U.S. dollar denominated investment portfolio of $38.3 million relating to market price movements and decline in our non-U.S. dollar denominated investment portfolio of $4.9 million. The decline in our non-U.S. dollar denominated investment portfolio was $15.1 million as a result of the weakening of euro, relative to U.S. dollar at December 31, 2016 compared to December 31, 2015 offset by $10.2 million increase as a result of market price movements; and by 2) increase in cumulative translation adjustments of $5.4 million due to the effect of the appreciation of the U.S. dollar relative to the original currencies on our non-U.S. dollar net liabilities (excluding non-U.S. dollar denominated AFS fixed maturities; and

- net increase resulting from share based transactions of $4.7 million.

These increases were offset by dividends declared of $79.5 million related to the Company's common and preferred shares.

On July 24, 2014, the Company's Board of Directors has approved the repurchase of up to $75.0 million of the Company's common shares from time to time at market prices. No share repurchases have taken place to date under this plan.
Please refer to "Notes to Consolidated Financial Statements Note 13. Shareholders' Equity" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for a discussion of the equity instruments issued by the Company at December 31, 2016 and 2015.

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Indebtedness

Refer to "Notes to Consolidated Financial Statements Note 7. Long Term Debt" included under Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for a discussion of the Company’s indebtedness.

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 or preference shares. On November 9, 2015, we filed an unallocated universal shelf registration statement with the SEC, which became effective upon filing. Pursuant to the shelf registration, from time to time, we may sell any combination of certain securities in one or more offerings. Our intent and ability to issue securities pursuant to this registration statement will depend on market conditions at the time of any proposed offering.

Aggregate Contractual Obligations

In the normal course of business, the Company is a party to a variety of contractual obligations as summarized below. These contractual obligations are considered by the Company when assessing its liquidity requirements and the Company is confident in its ability to meet all of its obligations.

The Company’s aggregate contractual obligations at December 31, 2016 are as follows:

	Payment Due by Period				
December 31, 2016	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Contractual Obligations	($ in Thousands)				
Operating lease obligations	$2,795	$1,366	$1,092	$337	$—
Senior notes and interest	1,098,588	27,106	54,213	54,213	963,056
Reserve for loss and LAE	2,896,496	915,163	968,561	433,361	579,411
Other investments - unfunded commitments	463	—	463	—	—
Total	$3,998,342	$943,635	$1,024,329	$487,911	$1,542,467

The amounts included for reserve for loss and LAE reflect the estimated timing of expected loss payments on known claims and anticipated future claims at December 31, 2016. Both the amount and timing of cash flows are uncertain and do not have contractual payout terms. For a discussion of these uncertainties, please refer to "Critical Accounting Policies — Reserve for Loss and Loss Adjustment Expenses" section included under Item 7 of this Annual Report on Form 10-K for the year ended December 31, 2016. Due to the inherent uncertainty in the process of estimating the timing of these payments, there is a risk that the amounts paid in any period will differ significantly from those disclosed. Total estimated obligations will be funded by existing cash and investments.

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 and the Swedish krona. 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 adversely effected. At December 31, 2016, 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 year end exchange rates, with the resulting foreign exchange gains and losses recognized in the Consolidated Statements of Income. Revenues and expenses in foreign currencies are converted at average exchange rates during the year. The effect of the translation adjustments for foreign operations is included in AOCI.

Net foreign exchange gains amounted to $13.4 million during the year ended December 31, 2016 compared to $7.4 million and $3.6 million during the years ended December 31, 2015 and 2014, respectively.

Effects of Inflation

The effects of inflation are considered implicitly in pricing and estimating reserves for loss and LAE. 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 LAE 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

At December 31, 2016, we did not have any off-balance sheet arrangements as defined by Item 303(a) (4) of Regulation S-K.

Recent Accounting Pronouncements

Refer to "Notes to Consolidated Financial Statements Note 2. Significant Accounting Policies" included under Item 8 "Financial Statement and Supplementary Data", of this Form 10-K for a discussion on recently issued accounting pronouncements.

Item 7A. 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 three types of market risk: changes in interest rates, changes in credit quality of issuers of investment securities and reinsurers and changes in foreign exchange rates.

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 December 31, 2016, we had AFS fixed maturity securities with a fair value of $4.0 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 at December 31, 2016 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 of our AFS fixed maturity securities and on our shareholders' equity at December 31, 2016:

Hypothetical Change in Interest Rates	Fair Value	Estimated Change in Fair Value	Hypothetical % (Decrease) Increase in Shareholders' Equity
	($ in Thousands)		
200 basis point increase	$3,588,054	$(383,612)	(28.2)%
100 basis point increase	3,772,666	(199,000)	(14.6)%
No change	3,971,666	—	—%
100 basis point decrease	4,178,375	206,709	15.2%
200 basis point decrease	4,392,426	420,760	30.9%

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, 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 have not changed materially compared to December 31, 2015.

The Company has exposure to credit risk primarily as a holder of fixed income securities. The Company controls this exposure by emphasizing investment grade credit quality in the fixed income securities it purchases. The table below summarizes the credit ratings by major rating category of the Company's fixed maturity investments at December 31 for each of the years presented:

December 31,	2016		2015	
Ratings[1]				
AA+ or better	41.3	%	42.3	%
AA, AA-, A+, A, A-	33.2	%	29.9	%
BBB+, BBB, BBB-	22.0	%	25.4	%
BB+ or lower	3.5	%	2.4	%
	100.0	%	100.0	%

(1) Ratings as assigned by S&P, or equivalent

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

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At December 31, 2016, the Company is not exposed to any significant credit concentration risk on its investments, excluding securities issued by the U.S. government and agencies which are rated AA+ (see "Liquidity and Capital Resources - Investments" in Item 7 of Part II of this Annual Report on Form 10-K), with the single largest corporate issuer and the top 10 corporate issuers accounting for only 0.6% and 4.6% 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 Company has exposure to credit risk, as it relates to its business written through brokers if any, if 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 Item 1 and 1A of Part I of this Annual Report on Form 10-K, respectively, for detailed information on three brokers that accounted for approximately 34.6% of the Company’s gross premiums written in our Diversified Reinsurance segment for the year ended December 31, 2016.

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 December 31, 2016 were $410.2 million, including balances both currently due and accrued.

The Company believes that credit risk related to these balances is mitigated by several factors, including but not limited to, credit checks performed as part of the underwriting process and monitoring of aged receivable balances. In addition, as the vast majority of its reinsurance agreements permit the Company the right to offset reinsurance balances receivable from clients against losses payable to them, the Company believes that the credit risk in this area is substantially reduced. Provisions are made for amounts considered potentially uncollectible. There was no allowance for uncollectible reinsurance balances receivable at December 31, 2016.

The Company 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 $99.9 million at December 31, 2016 compared to $71.2 million at the end of 2015. At December 31, 2016, $54.8 million or 54.8% of the total reinsurance recoverable is receivable from one reinsurer which has a credit rating of A+ (2015 - $25.3 million or 35.5% and with credit rating of A+). Furthermore, of these reinsurance recoverables, at December 31, 2016, $12.8 million or 12.8% compared to $35.0 million or 49.2% at December 31, 2015 relates to reinsurance claims from Superstorm Sandy. The table below summarizes the A.M. Best credit ratings of the Company's reinsurance counterparties at December 31:

December 31,	2016	2015
A or better	97.2 %	99.1 %
B++ or worse	2.8 %	0.9 %
	100.0%	100.0%

Foreign Currency Risk

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 year ended December 31, 2016, 8.2% of our net premiums written and 10.5% of our reserve for loss and LAE were transacted in euro.

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 December 31, 2016, 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 $3.9 million and $7.8 million, respectively.

Item 8. Financial Statements and Supplementary Data.

See our Consolidated Financial Statements and Notes thereto and required financial statement schedules commencing on pages F-1 through F-54 and S-1 through S-7 below.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Report, our management has performed an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) at December 31, 2016. Based on their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, at December 31, 2016, our Company’s disclosure controls and procedures were effective.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC, internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual consolidated financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2016 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013. Management’s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls. Based on this evaluation, management, including our Principal Executive Officer and Principal Financial Officer, have concluded that our internal control over financial reporting is effective as of December 31, 2016 based on those criteria.

The Company's independent auditors have issued an audit report on our assessment of the Company's internal control over financial reporting. This report appears below.

Changes in Internal Control Over Financial Reporting

No changes were made in our internal controls over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15(d) – 15(f), during the fourth quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Maiden Holdings, Ltd.
Hamilton, Bermuda

We have audited Maiden Holdings, Ltd. and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Maiden Holdings, Ltd.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Maiden Holdings, Ltd. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Maiden Holdings, Ltd. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016 and our report dated March 6, 2017 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

New York, New York
March 6, 2017

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Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference from the information responsive thereto in the sections in the proxy statement for our Annual Meeting of Shareholders to be held on May 2, 2017 (the "Proxy Statement") captioned "Election of Directors", "Executive Officers", "Audit Committee", "Section 16(a) Beneficial Ownership Reporting Compliance" and "Nominating and Corporate Governance Committee".

We have adopted a Code of Business Conduct and Ethics for all employees. The Code of Business Conduct and Ethics is available free of charge on our website at www.maiden.bm and is available in print to any shareholder who requests it. We intend to disclose any amendments to this code by posting such information on our website, and disclose any waivers of this code applicable to our principal executive officer, principal financial officer, principal accounting officer or controller and other executive officers who perform similar functions through such means or by filing a Form 8-K.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference from the information responsive thereto in the sections in the Proxy Statement captioned "Compensation Discussion and Analysis", "Director Compensation for 2016", "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report".

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference from the information responsive thereto in the sections in the Proxy Statement captioned "Security Ownership of Certain Beneficial Owners", "Equity Compensation Plan Information" and "Security Ownership of Management".

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference from the information responsive thereto in the sections in the Proxy Statement captioned "Certain Relationships and Related Transactions", "Audit Committee", "Board Independence", "Compensation Committee" and "Nominating and Corporate Governance Committee".

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference from the information responsive thereto in the section in the Proxy Statement captioned "Appointment of Independent Auditors of Maiden Holdings, Ltd.".

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial statements and schedules

Financial statements and schedules listed in the accompanying index to our Consolidated Financial Statements starting on page F-1 are filed as part of this Form 10-K, and are included in Item 8. "Financial Statement and Supplementary Data". All other schedules for which provision is made in the applicable regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) Exhibits

The exhibits listed in the Exhibit Index starting on page E-1 following the signature page are filed herewith, which Exhibit Index is incorporated herein by reference.

Item 16. Form 10-K Summary.

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in Hamilton, Bermuda on March 6, 2017.

MAIDEN HOLDINGS, LTD.

By:

/s/ Arturo M. Raschbaum

Name: Arturo M. Raschbaum

Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Arturo M. Raschbaum	President and Chief Executive Officer	March 6, 2017
Arturo M. Raschbaum	(Principal Executive Officer)	
/s/ Karen L. Schmitt	Chief Financial Officer	March 6, 2017
Karen L. Schmitt	(Principal Financial Officer)	
/s/ Michael J. Tait	Chief Accounting Officer	March 6, 2017
Michael J. Tait	(Principal Accounting Officer)	
/s/ Barry D. Zyskind	Chairman	March 6, 2017
Barry D. Zyskind		
/s/ Raymond M. Neff	Director	March 6, 2017
Raymond M. Neff		
/s/ Simcha G. Lyons	Director	March 6, 2017
Simcha G. Lyons		
/s/ Yehuda L. Neuberger	Director	March 6, 2017
Yehuda L. Neuberger		
/s/ Steven H. Nigro	Director	March 6, 2017
Steven H. Nigro		

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EXHIBIT INDEX

Exhibit No.	Description	Reference
3.1	Memorandum of Association (as amended)	(1)
3.2	Bye-Laws	(2)
4.1	Form of Common Share Certificate	(2)
4.2	Registration Rights Agreement by and between Maiden Holdings, Ltd. and Friedman, Billings, Ramsey & Co., Inc., dated as of July 3, 2007	(2)
4.3	Form of Indenture for Debt Securities by and among Maiden Holdings North America, Ltd., Maiden Holdings, Ltd., as guarantor, and Wilmington Trust Company, as trustee	(3)
4.4	Second Supplemental Indenture, dated March 27, 2012, by and among Maiden Holdings North America, Ltd., Maiden Holdings, Ltd., as guarantor, and Wilmington Trust Company, as trustee	(4)
4.5	Form of 8.000% Notes due 2042 (included in Exhibit 4.4)	(4)
4.6	Certificate of Designations of 8.25% Non-Cumulative Preference Shares, Series A, adopted on August 7, 2012	(5)
4.7	Form of stock certificate evidencing 8.25% Series A Preference Share (included in Exhibit 4.6)	(5)
4.8	Third Supplemental Indenture, dated November 25, 2013, by and among Maiden Holdings North America, Ltd., Maiden Holdings, Ltd., as guarantor, and Wilmington Trust Company, as trustee	(6)
4.9	Form of 7.75% Notes due 2043 (included in Exhibit 4.8)	(6)
4.10	Certificate of Designations of 7.125% Non-Cumulative Preference Shares, Series C, adopted on November 4, 2015	(7)
4.11	Form of stock certificate evidencing 7.125% Non-Cumulative Preference Shares, Series C (included in Exhibit 4.10)	(7)
4.12	Form of Indenture for Debt Securities by and between Maiden Holdings, Ltd., and Wilmington Trust National Association, as trustee	(8)
4.13	First Supplemental Indenture, dated as of June 14, 2016, by and between Maiden Holdings, Ltd., as guarantor, and Wilmington Trust National Association, as trustee	(8)
10.1*	Amended and Restated Maiden Holdings, Ltd. 2007 Share Incentive Plan as of July 26, 2011	(9)
10.2*	Form of Share Option Agreement for Employee Recipients of Options under Amended and Restated 2007 Share Incentive Plan	(2)
10.3*	Form of Share Option Agreement for Non-Employee Recipients of Options under Amended and Restated 2007 Share Incentive Plan	(2)
10.4*	Form of Performance-Based Restricted Share Unit Agreement for Employee Recipients of Restricted Share Units under the Amended and Restated 2007 Share Incentive Plan	(9)
10.5*	Form of Employment Agreement by and between Maiden and Arturo M. Raschbaum, Karen L. Schmitt, Patrick J. Haveron, Thomas Highet and Lawrence F. Metz, dated as of November 1, 2011	(10)
10.6	Master Agreement by and between Maiden Holdings, Ltd. and AmTrust Financial Services, Inc., dated as of July 3, 2007	(2)
10.7	Amendment No. 1 to the Master Agreement by and between Maiden Holdings, Ltd. and AmTrust Financial Services, Inc., dated as of September 17, 2007	(2)
10.8	Amended and Restated Quota Share Reinsurance Agreement by and between Maiden Insurance Company Ltd. and AmTrust International Insurance, Ltd. and dated as of June 1, 2008	(11)
10.9	Loan Agreement by and between AmTrust International Insurance, Ltd. and Maiden Insurance Company Ltd., dated as of November 16, 2007	(12)
10.10	Amendment No. 1 to the Loan Agreement by and between AmTrust International Insurance, Ltd. and Maiden Insurance Company Ltd., dated as of February 15, 2008	(12)
10.11	Asset Management Agreement by and between AII Insurance Management Limited and Maiden Insurance Company Ltd., dated as of July 3, 2007	(2)

10.12	First Amendment to Asset Management Agreement by and between AII Insurance Management Limited, Maiden Insurance Company Ltd., Maiden Holdings, Ltd., and Maiden Holdings North America, Ltd., dated as of November 3, 2008	(13)

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10.13	Second Amendment to Asset Management Agreement by and between AII Insurance Management Limited, Maiden Insurance Company Ltd., Maiden Holdings, Ltd., Maiden Holdings North America, Ltd. and Maiden Reinsurance Company, dated as of December 23, 2008	(13)
10.14	Third Amendment to Asset Management Agreement by and between AII Insurance Management Limited, Maiden Insurance Company Ltd., Maiden Holdings, Ltd., Maiden Holdings North America, Ltd., Maiden Reinsurance Company and Maiden Specialty Insurance Company dated as of September 1, 2009	(13)
10.15	Asset Management Agreement by and between AII Insurance Management Limited, Maiden Insurance Company Ltd., Maiden Holdings, Ltd., Maiden Holdings North America, Ltd., Maiden Reinsurance Company and Maiden Specialty Insurance Company dated as of August 6, 2010	(13)
10.16	Asset Management Agreement by and between AII Insurance Management Limited and Maiden Life Försäkrings AB dated as of October 11, 2013	(14)
10.17	Reinsurance Brokerage Agreement by and between Maiden Insurance Company Ltd. and AII Reinsurance Broker Ltd., dated as of July 3, 2007	(2)
10.18	Brokerage Services Agreement between Maiden Insurance Company Ltd. and IGI Intermediaries Limited, dated as of January 1, 2008	(12)
10.19	Reinsurance Brokerage Services Agreement between Maiden Insurance Company Ltd. and IGI Intermediaries, Inc., dated as of April 3, 2008	(15)
10.20	Endorsement No. 1 to the Amended and Restated Quota Share Reinsurance Agreement by and between Maiden Insurance Company Ltd. and AmTrust International Insurance, Ltd. dated as of July 26, 2011	(9)
10.21	Endorsement No. 2 to the Quota Share Reinsurance Contract by and between Maiden Insurance Company Ltd. and AmTrust International Insurance, Ltd. dated as of March 7, 2013	(16)
10.22	Endorsement No. 3 to the Amended and Restated Quota Share Agreement between AmTrust International Insurance, Ltd. and Maiden Reinsurance Ltd. dated as of September 30, 2015	(17)
10.23	Quota Share Reinsurance Contract by and between Maiden Insurance Company Ltd. and AmTrust Europe Limited and/or AmTrust International Underwriters Limited dated as of April 1, 2011	(9)
10.24	Endorsement No. 1 to the Quota Share Reinsurance Contract by and between Maiden Insurance Company Ltd. and AmTrust Europe Limited and/or AmTrust International Underwriters Limited dated as of July 26, 2011	(9)
10.25	Endorsement No. 2 to the Quota Share Reinsurance Contract by and between Maiden Insurance Company Ltd. and AmTrust Europe Limited and/or AmTrust International Underwriters Limited dated as of August 7, 2012	(18)
10.26	Endorsement No. 3 to the Amended and Restated Quota Share Reinsurance Contract by and between Maiden Reinsurance Ltd. and AmTrust Europe Limited and/or AmTrust International Underwriters Limited dated as of March 1, 2015	†
10.27	Endorsement No. 4 to the Amended and Restated Quota Share Reinsurance Contract by and between Maiden Reinsurance Ltd. and AmTrust Europe Limited and/or AmTrust International Underwriters Limited dated as of July 1, 2016	(19)
10.28	Personal and Commercial Automobile Quota Share Reinsurance Agreement by and between Maiden Insurance Company Ltd. and Integon National Insurance Company, dated as March 1, 2010	(13)
10.29	Addendum No. 1 to Personal and Commercial Automobile Quota Share Reinsurance Agreement by and between Maiden Insurance Company Ltd. and Integon National Insurance Company and others, dated as October 1, 2012	(15)
10.30	Termination of Personal and Commercial Automobile Quota Share Reinsurance Agreement by and between Maiden Insurance Company Ltd. and Integon National Insurance Company and others, dated as August 1, 2013	(14)
10.31	Form of Indemnification Agreement between Maiden Holdings, Ltd. and its officers and directors	(12)
21.1	Subsidiaries of the registrant	†
23.1	Consent of BDO USA, LLP	†
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	†

Explanation of Responses:

101.1	The following financial information from Maiden Holdings, Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (eXtensive Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2016 and 2015; (ii) the Consolidated Statements of Income for the years ended December 31, 2016, 2015 and 2014; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2016, 2015 and 2014; (iv) the Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2016, 2015 and 2014; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014; (vi) Notes to Consolidated Financial Statements; and (vii) Financial Statement Schedules.	†

(1) Incorporated by reference to the filing of such exhibit with the registrant's Registration Statement on Form S-8 filed with the SEC on May 18, 2010 (File No. 333-166934).

(2) Incorporated by reference to the filing of such exhibit with the registrant's Registration Statement on S-1 initially filed with the SEC on September 17, 2007, subsequently amended and declared effective May 6, 2008 (File No. 333-146137).

(3) Incorporated by reference to the filing of such exhibit with the registrant's Registration Statement on S-3 filed with the SEC on February 7, 2011 (File Nos. 333-172107 and 333-172107-01).

(4) Incorporated by reference to the filing of such exhibit with the registrant's Current Report on Form 8-K filed with the SEC on March 27, 2012 (File No. 001-34042).

(5) Incorporated by reference to the filing of such exhibit with the registrant's Current Report on Form 8-K filed with the SEC on August 22, 2012 (File No. 001-34042).

(6) Incorporated by reference to the filing of such exhibit with the registrant's Current Report on Form 8-K filed with the SEC on November 25, 2013 (File No. 001-34042).

(7) Incorporated by reference to the filing of such exhibit with the registrant’s Current Report on Form 8-K filed with the SEC on November 25, 2015 (File No. 001-34042).

(8) Incorporated by reference to the filing of such exhibit with the registrant’s Current Report on Form 8-K filed with the SEC on June 14, 2016 (File No. 001-34042).

(9) Incorporated by reference to the filing of such exhibit with the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2010 filed with the SEC on August 8, 2011 (File No. 001-34042).

(10) Incorporated by reference to the filing of such exhibit with the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed with the SEC on March 13, 2012 (File No. 001-34042).

(11) Incorporated by reference to the filing of such exhibit with the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the SEC on March 31, 2009 (File No. 001-34042).

(12) Incorporated by reference to the filing of such exhibit with Amendment No. 2 to the registrant's Registration Statement on S-1 filed with the SEC on March 28, 2008 (No. 333-146137).

(13) Incorporated by reference to the filing of such exhibit with the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC on March 14, 2011 (File No. 001-34042).

(14)

Incorporated by reference to the filing of such exhibit with the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on March 4, 2014 (File No. 001-34042).

(15) Incorporated by reference to the filing of such exhibit with Amendment No. 3 to the registrant's Registration Statement on S-1 filed with the SEC on April 24, 2008 (No. 333-146137).

(16) Incorporated by reference to the filing of such exhibit with the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed with the SEC on March 11, 2013 (File No. 001-34042).

(17) Incorporated by reference to the filing of such exhibit with the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2016 filed with the SEC on August 9, 2016 (No. 001-34042)

(18) Incorporated by reference to the filing of such exhibit with the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2012 filed with the SEC on August 9, 2012 (File No. 001-34042)

(19) Incorporated by reference to the filing of such exhibit with the registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2016 filed with the SEC on November 8, 2016 (No. 001-34042).

† Filed herewith.
* Management contract or compensatory plan or arrangement

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Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Maiden Holdings, Ltd.
Hamilton, Bermuda

We have audited the accompanying consolidated balance sheets of Maiden Holdings, Ltd. and subsidiaries (the "Company") as of December 31, 2016 and 2015 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. In connection with our audits of the financial statements, we have also audited the financial statement schedules listed in the accompanying index. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Maiden Holdings, Ltd. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Maiden Holdings, Ltd.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 6, 2017 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

New York, New York
March 6, 2017

MAIDEN HOLDINGS, LTD.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2016 and 2015
(In thousands of U.S. dollars, except share and per share data)

	2016	2015
ASSETS		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost 2016: $4,005,642; 2015: $3,562,864)	$3,971,666	$3,508,088
Fixed maturities, held to maturity, at amortized cost (fair value 2016: $766,135; 2015: $598,975)	752,212	607,843
Other investments, at fair value (cost 2016: $10,057; 2015: $10,816)	13,060	11,812
Total investments	4,736,938	4,127,743
Cash and cash equivalents	45,747	89,641
Restricted cash and cash equivalents	103,788	242,859
Accrued investment income	36,517	32,288
Reinsurance balances receivable, net (includes $132,056 and $147,365 from related parties in 2016 and 2015, respectively)	410,166	377,318
Reinsurance recoverable on unpaid losses (includes $5,085 and $2,177 from related parties in 2016 and 2015, respectively)	99,936	71,248
Loan to related party	167,975	167,975
Deferred commission and other acquisition expenses (includes $339,172 and $341,025 from related parties in 2016 and 2015, respectively)	424,605	397,548
Goodwill and intangible assets, net	77,715	81,920
Other assets	148,912	115,038
Total assets	$6,252,299	$5,703,578
LIABILITIES		
Reserve for loss and loss adjustment expenses (includes $1,776,784 and $1,443,639 from related parties in 2016 and 2015, respectively)	$2,896,496	$2,510,101
Unearned premiums (includes $1,152,484 and $1,077,460 from related parties in 2016 and 2015, respectively)	1,475,506	1,354,572
Accrued expenses and other liabilities	167,736	139,873
Senior notes - principal amount	362,500	360,000
Less unamortized issuance costs	11,091	10,067
Senior notes, net	351,409	349,933
Total liabilities	4,891,147	4,354,479
Commitments and Contingencies		
EQUITY		
Preference shares	315,000	480,000
Common shares ($0.01 par value; 87,321,012 and 74,735,785 shares issued in 2016 and 2015, respectively; 86,271,109 and 73,721,140 shares outstanding in 2016 and 2015, respectively)	873	747
Additional paid-in capital	749,256	579,178
Accumulated other comprehensive income (loss)	14,997	(23,767)
Retained earnings	285,662	316,184
Treasury shares, at cost (1,049,903 and 1,014,645 shares in 2016 and 2015, respectively)	(4,991)	(4,521)
Total Maiden shareholders' equity	1,360,797	1,347,821
Noncontrolling interests in subsidiaries	355	1,278
Total equity	1,361,152	1,349,099

Total liabilities and equity	$6,252,299	$5,703,578

See accompanying notes to Consolidated Financial Statements

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

For the Year Ended December 31,	2016	2015	2014
Revenues			
Gross premiums written	$2,831,348	$2,662,825	$2,507,352
Net premiums written	$2,654,952	$2,514,116	$2,458,136
Change in unearned premiums	(86,802)	(85,047)	(206,393)
Net premiums earned	2,568,150	2,429,069	2,251,743
Other insurance revenue	10,817	11,512	13,410
Net investment income	145,892	131,092	117,215
Net realized gains on investment	6,774	2,498	1,163
Total other-than-temporary impairment losses	—	(1,060)	(2,364)
Portion of loss recognized in other comprehensive income (loss)	—	—	—
Net impairment losses recognized in earnings	—	(1,060)	(2,364)
Total revenues	2,731,633	2,573,111	2,381,167
Expenses			
Net loss and loss adjustment expenses	1,819,906	1,633,570	1,498,271
Commission and other acquisition expenses	773,664	724,197	659,315
General and administrative expenses	66,984	64,872	62,558
Interest and amortization expenses	28,173	29,063	29,959
Accelerated amortization of debt discount and issuance cost	2,345	—	28,240
Amortization of intangible assets	2,461	2,840	3,277
Foreign exchange and other gains, net	(11,612)	(7,753)	(4,150)
Total expenses	2,681,921	2,446,789	2,277,470
Income before income taxes	49,712	126,322	103,697
Less: income tax expense	1,574	2,038	2,164
Net income	48,138	124,284	101,533
Add: loss (income) attributable to noncontrolling interests	842	192	(142)
Net income attributable to Maiden	48,980	124,476	101,391
Dividends on preference shares	(33,756)	(24,337)	(24,337)
Net income attributable to Maiden common shareholders	$15,224	$100,139	$77,054
Basic earnings per share attributable to Maiden common shareholders	$0.20	$1.36	$1.06
Diluted earnings per share attributable to Maiden common shareholders	$0.19	$1.31	$1.04
Dividends declared per common share	$0.57	$0.53	$0.46
Weighted average number of common shares - basic	77,534,860	73,478,544	72,843,782
Adjusted weighted average number of common shares and assumed conversions - diluted	78,686,943	85,638,235	74,117,568

See accompanying notes to Consolidated Financial Statements.

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MAIDEN HOLDINGS, LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of U.S. dollars)

For the Year Ended December 31,	2016	2015	2014
Net income	$48,138	$124,284	$101,533
Other comprehensive income (loss)			
Net unrealized holdings gains (losses) on available-for-sale fixed maturities arising during the period	32,788	(132,511)	40,625
Adjustment for reclassification of net realized losses (gains) recognized in net income	576	(263)	3,278
Foreign currency translation adjustment	5,373	13,566	25,592
Other comprehensive income (loss), before tax	38,737	(119,208)	69,495
Income tax benefit (expense) related to components of other comprehensive income	32	83	(52)
Other comprehensive income (loss), after tax	38,769	(119,125)	69,443
Comprehensive income	86,907	5,159	170,976
Net loss (income) attributable to noncontrolling interests	842	192	(142)
Other comprehensive (income) loss attributable to noncontrolling interests	(5)	65	66
Comprehensive loss (income) attributable to noncontrolling interests	837	257	(76)
Comprehensive income attributable to Maiden	$87,744	$5,416	$170,900

See accompanying notes to Consolidated Financial Statements.

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

For the Year Ended December 31,	2016	2015	2014
Preference shares – Series A, B and C			
Beginning balance	$480,000	$315,000	$315,000
Mandatory conversion of preference shares – Series B	(165,000)	—	—
Issuance of preference shares – Series C	—	165,000	—
Ending balance	315,000	480,000	315,000
Common shares			
Beginning balance	747	739	736
Shares issued on mandatory conversion of preference shares – Series B	121	—	—
Exercise of options and issuance of shares	5	8	3
Ending balance	873	747	739
Additional paid-in capital			
Beginning balance	579,178	578,445	574,522
Exercise of options and issuance of common shares	1,926	3,310	589
Share-based compensation expense	3,414	2,938	3,334
Mandatory conversion of preference shares – Series B	164,879	—	—
Issuance costs of preference shares	—	(5,515)	—
Others	(141)	—	—
Ending balance	749,256	579,178	578,445
Accumulated other comprehensive income (loss)			
Beginning balance	(23,767)	95,293	25,784
Change in net unrealized gains (losses) on investment	33,396	(132,691)	43,851
Foreign currency translation adjustment	5,368	13,631	25,658
Ending balance	14,997	(23,767)	95,293
Retained earnings			
Beginning balance	316,184	255,084	211,602
Net income attributable to Maiden	48,980	124,476	101,391
Dividends on preference shares	(33,756)	(24,337)	(24,337)
Dividends on common shares	(45,746)	(39,039)	(33,572)
Ending balance	285,662	316,184	255,084
Treasury shares			
Beginning balance	(4,521)	(3,867)	(3,801)
Shares repurchased	(470)	(654)	(66)
Ending balance	(4,991)	(4,521)	(3,867)
Noncontrolling interests in subsidiaries			
Beginning balance	1,278	472	452
Acquisition of subsidiary	14	1,378	—
Maiden's reacquisition of interest in subsidiary	(69)	—	—
Dividend paid to noncontrolling interest	(31)	(315)	(56)
Net (loss) income attributable to noncontrolling interests	(842)	(192)	142
Foreign currency translation adjustment	5	(65)	(66)
Ending balance	355	1,278	472
Total equity	$1,361,152	$1,349,099	$1,241,166

See accompanying notes to Consolidated Financial Statements.

Explanation of Responses:

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

For the Year Ended December 31,	2016	2015	2014
Cash flows from operating activities			
Net income	$ 48,138	$ 124,284	$ 101,533
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and share-based compensation	20,303	9,716	40,319
Net realized gains on investment	(6,774)	(2,498)	(1,163)
Net impairment losses recognized in earnings	—	1,060	2,364
Foreign exchange and other gains, net	(11,612)	(7,753)	(4,150)
Changes in assets – (increase) decrease:			
Reinsurance balances receivable, net	(33,116)	127,506	34,343
Reinsurance recoverable on unpaid losses	(29,308)	(20,721)	8,078
Accrued investment income	(4,354)	(5,086)	(2,693)
Deferred commission and other acquisition expenses	(29,405)	(26,546)	(69,217)
Other assets	(37,182)	(76,599)	32,060
Changes in liabilities – increase (decrease):			
Reserve for loss and loss adjustment expenses	407,267	304,254	354,014
Unearned premiums	125,775	154,642	182,602
Accrued expenses and other liabilities	20,400	52,039	(26,445)
Net cash provided by operating activities	470,132	634,298	651,645
Cash flows from investing activities:			
Purchases of investments:			
Purchases of fixed-maturities – available-for-sale	(1,372,049)	(1,463,556)	(778,702)
Purchases of other investments	(172)	(217)	(6,698)
Sale of investments:			
Proceeds from sales of fixed-maturities – available-for-sale	129,306	129,152	171,216
Proceeds from maturities and calls of fixed maturities – available-for-sale	657,819	541,081	349,852
Proceeds from maturities and calls of fixed maturities – held to maturity	6,172	—	—
Proceeds from sale and redemption of other investments	1,481	456	797
Decrease (increase) in restricted cash and cash equivalents	138,861	34,980	(207,859)
Other, net	(622)	7,426	(490)
Net cash used in investing activities	(439,204)	(750,678)	(471,884)
Cash flows from financing activities:			
Senior notes, net of issuance costs	106,285	—	—
Redemption of 2011 senior notes	(107,500)	—	—
Redemption of junior subordinated debt	—	—	(152,500)
Preference shares, net of issuance costs	(143)	159,628	—
Issuance of common shares	1,931	3,318	592
Repurchase of common shares	(470)	(654)	(66)
Dividends paid – Maiden common shareholders	(43,127)	(38,204)	(32,079)
Dividends paid – preference shares	(33,756)	(24,337)	(24,337)
Net cash (used in) provided by financing activities	(76,780)	99,751	(208,390)
Effect of exchange rate changes on foreign currency cash	1,958	(1,849)	(3,085)
Net decrease in cash and cash equivalents	(43,894)	(18,478)	(31,714)
Cash and cash equivalents, beginning of period	89,641	108,119	139,833
Cash and cash equivalents, end of period	$ 45,747	$ 89,641	$ 108,119
Supplemental information on cash flows			

Interest paid	$ 27,897	$ 28,687	$ 34,222
Taxes paid	494	789	708

See accompanying notes to Consolidated Financial Statements.

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

1. Organization

Maiden Holdings, Ltd. (sometimes referred to as "Maiden Holdings" or "Parent Company") is 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. Together with its subsidiaries (collectively referred to as the "Company", "We" or "Maiden"), Maiden specializes in reinsurance solutions that optimize financing by providing coverage within the more predictable and actuarially credible lower layers of coverage and/or reinsure 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.

We provide reinsurance through our wholly owned subsidiaries, Maiden Reinsurance Ltd. ("Maiden Bermuda") and Maiden Reinsurance North America, Inc. ("Maiden US") and have operations in Bermuda and the United States, respectively. Maiden Bermuda does not underwrite any direct insurance business. Internationally, we provide reinsurance-related services through Maiden Global Holdings, Ltd. ("Maiden Global") and its subsidiaries. Maiden Global primarily focuses on providing branded auto and credit life insurance products through its insurer partners to retail clients in the European Union and other global markets, which also produce reinsurance programs which are underwritten by Maiden Bermuda. Certain international credit life business is also written on a primary basis by Maiden Life Försäkrings AB ("Maiden LF"), a wholly owned subsidiary of Maiden Holdings, as part of Maiden Global’s service offerings.

2. Significant Accounting Policies

Basis of Reporting and Consolidation — These Consolidated Financial Statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of Maiden Holdings and all of its subsidiaries. These Consolidated Financial Statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the period and all such adjustments are of a normal recurring nature. All significant intercompany transactions and accounts have been eliminated. Certain prior year comparatives have been reclassified to conform to the current year presentation. The effect of these reclassifications had no impact on previously reported shareholders' equity or net income.

Estimates — The preparation of U.S. GAAP Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. The significant estimates include, but are not limited to:

- reserve for loss and loss adjustment expenses ("loss and LAE");
- recoverability of deferred commission and other acquisition expenses;
- determination of impairment of goodwill and other intangible assets;
- valuation of financial instruments; and

• determination of other-than-temporary impairment ("OTTI") of investments.

During the fourth quarter of 2016, following the receipt of updated information during the Company's reserving process and in response to a very challenging commercial auto market, the Company increased the reserve for loss and LAE in both our Diversified Reinsurance and AmTrust Reinsurance segments as well as our NGHC run-off business. The Company recorded unfavorable reserve development which reduced both its consolidated net income and net income attributable to Maiden by approximately $120,426 or $1.55 per basic common share and $1.48 per diluted common share.

Investments — The Company currently classifies its fixed maturity investments as either available-for-sale ("AFS") or held-to-maturity ("HTM"). The AFS portfolio is reported at fair value. The HTM portfolio includes securities for which we have the ability and intent to hold to maturity or redemption. The HTM portfolio is reported at amortized cost. When a security is transferred from AFS to HTM, the fair value at the time of transfer, adjusted for subsequent amortization, becomes the security's amortized cost. The fair value of fixed maturity investments is generally determined from quotations received from nationally recognized pricing services ("Pricing Service"), or when such prices are not available, by reference to broker or underwriter bid indications. Short-term investments comprise securities due to mature within one year of the date of purchase. The Company held no short-term investments as at December 31, 2016 and 2015.

The Company's other investments comprise both quoted and unquoted investments. The Company's quoted equity investment's fair value is based on a quoted market price from a Pricing Service, reflecting the closing price quoted for the final trading day of the period. The Company accounts for its unquoted other investments at fair value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 944, "Financial Services - Insurance" ("ASC 944"). Unquoted other investments primarily comprise of investments in limited partnerships which are reported at fair value based on the financial information received from the fund managers and other information available to management.

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

2. Significant Accounting Policies (continued)

Unrealized gains or losses on fixed maturities and other investments are reported as a component of accumulated other comprehensive income ("AOCI"). The net unrealized holding gains of securities transferred from AFS to HTM at the designation date continue to be reported in the carrying value of the HTM securities and is amortized through Other Comprehensive Income over the remaining life of the securities using the effective yield method in a manner consistent with the amortization of any premium or discount.

Purchases and sales of investments are recorded on a trade date basis. Realized gains or losses on sales of investments are determined based on the first in first out cost method. Net investment income is recognized when earned and includes interest and dividend income together with amortization of market premiums and discounts using the effective yield method and is net of investment management fees. For our U.S. government agency mortgage-backed securities ("Agency MBS") and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and revised as necessary. Any adjustments required due to the change in effective yields and maturities are recognized on a prospective basis through yield adjustments.

A security is potentially impaired when its fair value is below its amortized cost. On a quarterly basis, we review all impaired securities to determine if the impairment is OTTI. OTTI assessments are inherently judgmental, especially where securities have experienced severe declines in fair value in a short period. Our review process begins with a quantitative analysis to identify securities to be further evaluated for potential OTTI. For all identified securities, further fundamental analysis is performed that considers, but not limited to, the following quantitative and qualitative factors:

- 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.

The Company recognizes OTTI in earnings for its impaired fixed maturity securities (i) for which the Company has the intent to sell the security or (ii) it is more likely than not that the Company will be required to sell the debt security before its anticipated recovery and (iii) for those securities which have a credit loss. In assessing whether a credit loss exists, the Company compares the present value of the cash flows expected to be collected from the security with the amortized cost basis of the security. In instances in which a determination is made that an impairment exists but the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before the anticipated recovery of its remaining amortized cost basis, the impairment is separated into (i) the amount of the total impairment related to the credit loss and (ii) the amount of the total impairment related to all other factors. The amount of the total OTTI related to the credit loss is recognized in earnings. The amount of the total OTTI related to all other factors is recognized in other comprehensive income. In periods after the recognition of OTTI on the Company’s fixed maturity securities, the Company accounts for such securities as if they had been purchased on the measurement date of the OTTI at an amortized cost basis equal to the previous amortized cost basis less the OTTI recognized in earnings. For fixed maturity securities in which OTTI was recognized in earnings, the difference between the new amortized cost basis and the cash flows expected to be collected will be amortized into net investment income.

As our investment portfolio is the largest component of our consolidated assets, OTTI on our fixed maturity securities could be material to our financial condition and operating results particularly during periods of dislocation in the financial markets.

Fair Value Measurements — 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 and U.S. Treasury bonds;

- 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: U.S. government-sponsored agency securities; non-U.S. government and supranational obligations; commercial mortgage-backed securities ("CMBS"); collateralized loan obligations ("CLO"); corporate and municipal bonds; and

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

2. Significant Accounting Policies (continued)

- 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; and hedge and credit funds with partial transparency.

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 at 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 nationally recognized provider, the Pricing Service. When quoted market prices are unavailable, the Company utilizes the 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 the 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.

Cash and Cash Equivalents — The Company maintains its cash accounts in several banks and brokerage institutions. Cash equivalents consist of investments in money market funds and short-term investments with an original maturity of 90 days or less and are stated at cost, which approximates fair value. Restricted cash and cash equivalents are separately reported in the Consolidated Balance Sheets. Accordingly, changes in restricted cash and cash equivalents are reported as an investing activity in our Consolidated Statements of Cash Flows. The Company maintains certain cash and investments in trust accounts to be used primarily as collateral for unearned premiums and loss and LAE reserves owed to insureds. The Company is required to maintain minimum balances in these accounts based on pre-determined formulas. See "Note 4. (e) Investments" for additional details.

Premiums and Related Expenses — For pro-rata contracts and excess-of-loss contracts where no deposit or minimum premium is specified in the contract, written premium is recognized based on estimates of ultimate premiums provided by the ceding companies. Initial estimates of written premium are recognized in the period in which the underlying risks are incepted. Subsequent adjustments, based on reports of actual premium by the ceding companies, or revisions in estimates, are recorded in the period in which they are determined. Reinsurance premiums assumed are generally earned on a pro-rata basis over the terms of the underlying policies or reinsurance contracts. Contracts and policies written on a "losses occurring" basis cover claims that may occur during the term of the contract or policy, which is typically 12 months. Accordingly, the premium is earned evenly over the term. Contracts which are written on a "risks attaching" basis cover claims which attach to the underlying insurance policies written during the terms of such contracts. Premiums earned on such contracts usually extend beyond the original term of the reinsurance contract, typically resulting in recognition of premiums earned over a 24-month period. Reinsurance premiums on specialty risk and extended warranty are earned based on the estimated program coverage period. These estimates are based on the expected distribution of coverage periods by contract at inception, because a single contract may contain multiple coverage period options, and these estimates are revised based on the actual coverage period selected by the original insured. Unearned premiums represent the portion of premiums written which is applicable to the unexpired term of the contract or policy in force. These premiums can be subject to estimates based upon information received from ceding companies and any subsequent differences arising on such estimates are recorded in the period in which they are determined.

The unexpired portion of reinsurance purchased by the Company (retrocession or reinsurance premiums ceded) is included in other assets and amortized over the contract period in proportion to the amount of insurance protection provided. The ultimate amount of premiums, including adjustments, is recognized as premiums ceded, and amortized over the applicable contract period to which they apply. Losses recoverable are recorded as an asset called reinsurance recoverable on unpaid losses. Premiums earned are reported net of reinsurance in the Consolidated Statements of Income.

Assumed and ceded reinsurance contracts that lack a significant transfer of risk are treated as deposits. No deposit contracts are held as at December 31, 2016 and 2015.

Acquisition expenses represent the costs of writing business that vary with, and are primarily related to, the production of the business. Policy and contract acquisition expenses, including assumed commissions and other direct operating expenses that are related to successful contracts are deferred and recognized as expense as related premiums are earned.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant Accounting Policies (continued)

Only certain expenses incurred in the successful acquisition of new and renewal insurance contracts are capitalized. Those expenses include incremental direct costs of contract acquisition that result directly from and are essential to the contract transaction and would not have been incurred had the contract transaction not occurred. All other acquisition-related expenses, such as costs incurred for soliciting business, administration, and unsuccessful acquisition or renewal efforts are charged to expense as incurred. Administrative expenses, including rent, depreciation, occupancy, equipment, and all other general overhead expenses are considered indirect and are expensed as incurred.

The Company considers anticipated investment income in determining the recoverability of these costs and believes they are fully recoverable. A premium deficiency is recognized if the sum of anticipated losses and loss adjustment expenses, unamortized acquisition expenses and anticipated investment income exceed unearned premium.

Loss and Loss Adjustment Expenses Incurred — Loss and LAE represent the estimated ultimate net costs of all reported and unreported losses incurred through December 31. The reserve for loss and LAE is estimated using individual case-basis valuations and statistical analysis and is not discounted. Although considerable variability is inherent in the estimates of reserves for loss and LAE, management believes that the reserve for loss and LAE is adequate. In estimating reserves, the Company utilizes a variety of standard actuarial methods. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations.

Reinsurance — Reinsurance premiums and loss and LAE ceded to other companies are accounted for on a basis consistent with those used in accounting for original policies issued and pursuant to the terms of the reinsurance contracts. The Company records premiums earned and loss and LAE incurred and ceded to other companies as reduction of premium revenue and loss and LAE. The Company accounts for commissions allowed by reinsurers on business ceded as ceding commission, which is a reduction of acquisition costs and other underwriting expenses. The Company earns commissions on reinsurance premiums ceded in a manner consistent with the recognition of the earned premium on the underlying insurance policies, on a pro-rata basis over the terms of the policies reinsured. Reinsurance recoverable relate to the portion of reserves and paid loss and LAE that are ceded to other companies. The Company remains contingently liable for all loss payments in the event of failure to collect from reinsurers.

Ceding Commissions on Reinsurance Transactions — Ceding commissions on reinsurance transactions are commissions the Company receives from ceding gross written premiums to third party reinsurers. The ceding commissions the Company receives cover a portion of its capitalized acquisition costs and a portion of other underwriting expenses. Ceding commissions received from reinsurance transactions that represent recovery of capitalized direct acquisition costs are recorded as a reduction of deferred acquisition costs and the net amount is charged to expense in proportion to net premium revenue recognized. Ceding commissions received from reinsurance transactions that represent the recovery of other underwriting expenses are recognized in the statement of income over the insurance contract period in proportion to the insurance protection provided and classified as a reduction of acquisition costs and other underwriting expenses. Ceding commissions received, but not yet earned, that represent the recovery of other underwriting expenses are classified as a component of accrued expenses and other current liabilities. The Company allocates earned ceding commissions to its segments based on each segment’s proportionate share of total acquisition costs and other underwriting expenses recognized during the period.

Debt Obligations and Deferred Debt Issuance Costs — Costs incurred in issuing debt are capitalized and amortized over the life of the debt. The amortization of these costs is included in interest and amortization expenses in the Consolidated Statements of Income. The unamortized amount of these costs is presented as a deduction from the related liability in the Consolidated Balance Sheet.

Goodwill and Intangible Assets — A purchase price that is in excess of the fair value of the net assets acquired arising from a business combination is recorded as goodwill, and is not amortized. Other intangible assets with a finite life are amortized over the estimated useful life of the asset. Other intangible assets with an indefinite useful life are not amortized.

Goodwill and other indefinite life intangible assets are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Finite life intangible assets are reviewed for indicators of impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable, and tested for impairment if appropriate. For purposes of the annual impairment evaluation, goodwill is assigned to the applicable reporting unit of the acquired entities giving rise to the goodwill.

We have established October 1 as the date for performing the annual impairment tests. If goodwill or other intangible assets are impaired, they are written down to their estimated fair values with a corresponding loss reflected in the Consolidated Statements of Income.

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

2. Significant Accounting Policies (continued)

Noncontrolling Interests — The Company accounts for its noncontrolling interests in accordance with ASC Topic 810 "Consolidations", and presents such noncontrolling shareholders' interest in the equity section of the Consolidated Balance Sheets. Net income (loss) attributable to noncontrolling interests is presented separately in the Consolidated Statements of Income.

Income Taxes — The Company accounts for income taxes using ASC Topic 740 "Income Taxes" for its subsidiaries operating in taxable jurisdictions. Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. A valuation allowance is recorded if it is more likely than not that some or all of a deferred tax asset may not be realized. The Company considers future taxable income and feasible tax planning strategies in assessing the need for a valuation allowance. In the event the Company determines that it will not be able to realize all or part of its deferred income tax assets in the future, an adjustment to the deferred income tax assets would be charged to income in the period in which such determination is made. In addition, if the Company subsequently assesses that the valuation allowance is no longer needed, a benefit would be recorded to income in the period in which such determination is made. U.S. GAAP allows for the recognition of tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. A liability is established for any tax benefit claimed in a tax return in excess of this threshold. Income tax related interest and penalties would be included as income tax expense. The Company has not recorded or accrued any interest or penalties during the years ended December 31, 2016, 2015 and 2014.

Share-Based Compensation Expense — The Company is authorized to issue restricted share awards and units, performance based restricted share units ("PB-RSUs"), share options and other equity-based awards to its employees and directors. The Company recognizes the compensation expense for share options, restricted share and share unit grants, based on the fair value of the award on the date of grant (including estimates for future forfeitures), over the vesting period, which is the requisite service period. The estimated fair value of the grant will be amortized ratably over its vesting period as a charge to compensation expense (a component of general and administrative expenses) and an increase to additional paid in capital in Shareholders’ Equity.

The estimated fair value of the PB-RSUs is recognized as a charge to compensation expense and an increase to additional paid in capital in Shareholders’ Equity following certain criteria such as operating return on common equity, underwriting performance, revenue growth and operating expense being met during the specified performance period as well as based on the recommendation of the Company's Chief Executive Officer ("CEO") and the discretion of the Compensation Committee of the Board of Directors.

Earnings Per Share — Basic earnings per share are computed based on the weighted-average number of common shares outstanding and exclude any dilutive effects of options and restricted share units ("RSUs"). Dilutive earnings per share are computed using the weighted-average number of common shares outstanding during the period adjusted for the dilutive impact of share options, RSUs, PB-RSUs and the mandatory convertible preference shares using the if-converted method.

The two-class method is used to determine earnings per share based on dividends declared on common shares and participating securities (i.e. distributed earnings) and participation rights of participating securities in any undistributed earnings. Each unvested restricted share granted by the Company to certain senior leaders is considered a participating security and the Company uses the two-class method to calculate its net income attributable to Maiden common shareholders per common share – basic and diluted.

Treasury Shares — Treasury shares are common shares repurchased by the Company and not subsequently cancelled. These shares are recorded at cost and result in a reduction of our shareholders' equity in the Consolidated Balance Sheets.

Foreign Currency Transactions — The functional currency of the Company and many of its subsidiaries is the U.S. dollar. For these companies, we translate monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, with the resulting foreign exchange gains and losses recognized in the Consolidated Statements of Income. Revenues and expenses in foreign currencies are converted at average exchange rates during the year. Monetary assets and liabilities include cash and cash equivalents, reinsurance balances receivable, reserve for loss and LAE and accrued expenses and other liabilities. Accounts that are classified as non-monetary, such as deferred commission and other acquisition expenses and unearned premiums, are not revalued.

Assets and liabilities of subsidiaries and divisions, whose functional currency is not the U.S. dollar, are translated at year-end exchange rates. Revenues and expenses of these entities are translated at average exchange rates during the year. The effects of the translation adjustments for foreign entities are included in AOCI. The amount of cumulative translation adjustment at December 31, 2016 was $35,713 (2015 - $30,345).

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

2. Significant Accounting Policies (continued)

Recently Adopted Accounting Standards Updates

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-07 which removes the requirement to categorize all investments for which fair value is measured using the net asset value per share practical expedient within the fair value hierarchy. ASU 2015-07 also removes the requirement to make certain disclosures for investments that are eligible to be measured at fair value using the net asset value per share practical expedient, unless the entity has elected to measure the fair value using that practical expedient. For public business entities, this guidance will be effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. Earlier application is permitted. The Company adopted ASU 2015-07 on January 1, 2016. As this guidance is disclosure-related only, the adoption of this guidance did not have a material impact on the Company’s financial statements.

Disclosures about Short-Duration Contracts

In May 2015, the FASB issued ASU 2015-09 which is aimed at providing users of financial statements with more transparent information about an insurance entity’s initial claim estimates and subsequent adjustments to those estimates, methodologies and judgments in estimating claims, and the timing, frequency and severity of claims. The new disclosures are required for short-duration insurance contracts issued by insurers. For public business entities, this guidance will be effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted and should be applied retrospectively by providing comparative disclosures for each period presented. The Company adopted ASU 2015-09 for the annual period ending December 31, 2016. As this guidance is disclosure-related only, the adoption of this guidance did not have a material impact on the Company’s statements of income and financial position. See "Note 9. Reserve for Loss and Loss Adjustment Expenses" for additional details.

Simplifying the Presentation of Debt Issuance Costs

Effective January 1, 2016, the Company adopted the new guidance under ASU 2015-03 which requires that debt issuance costs be presented as a direct deduction from the related debt liability rather than as an asset in the balance sheet. The amortization of such costs is reported as an interest expense. The Company applied this new guidance retrospectively to all prior periods presented. The adoption of this new guidance reduced the December 31, 2015 audited consolidated total assets and total liabilities by $10,067, respectively, representing the amount of unamortized issuance costs related to our Senior Notes which was previously presented as part of other assets. There was no impact on the net income, related per-share amounts or the retained earnings for the periods affected by the adoption of this guidance.

Recently Issued Accounting Standards Not Yet Adopted

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU 2016-01 that will change how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The new guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. It does not change the guidance for classifying and measuring investments in debt securities and loans. Under the new guidance, entities will have to measure many equity investments at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. This includes investments in partnerships, unincorporated joint ventures and limited liability companies that do not result in consolidation and are not accounted for under the equity method. Entities will no longer be able to recognize unrealized holding gains and losses on equity securities they classify today as AFS in AOCI. They also will no longer be able to use the cost method of accounting for equity securities that do not have readily determinable fair values. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. The impact on the Company is immaterial.

Accounting for Leases

In February 2016, the FASB issued final ASC 842 guidance that requires lessees to put most leases on their balance sheets but recognize expenses on their income statement in a manner similar to today's accounting. The guidance also eliminates today's real-estate-specific provisions for all entities. All entities classify leases to determine how to recognize lease-related revenue and expense. The U.S. GAAP standard is effective for public business entities and certain not-for-profit entities and employee benefit plans for annual periods beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted for all entities. Since the Company currently has various operating leases, we expect this guidance to have an impact on its consolidated financial statements, primarily to the consolidated balance sheets and related footnote disclosures. However, the Company is currently unable to quantify the impact of adopting this guidance.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant Accounting Policies (continued)

Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued ASU 2016-09 guidance that outlines changes for certain aspects of share-based payments to employees, such as accounting for forfeitures, which applies to the Company. Under the new guidance, the entities can elect to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The guidance is effective for public business entities for fiscal year beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities, in any annual or interim period for which financial statements haven't been issued or made available for issuance, but all of the guidance must be adopted in the same period. Based on the Company's history, forfeitures have never been material, therefore, we don't expect that the adoption of this guidance would have a material impact on the Company's consolidated financial statements.

Accounting for Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13 guidance that changes the impairment model for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost and require entities to record allowances for AFS debt securities rather than reduce the carrying amount, as they do today under the OTTI model. It also simplifies the accounting model for purchased credit-impaired debt securities and loans. Entities will apply the standard's provisions as a cumulative effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The guidance is effective for public business entities for annual periods beginning after December 15, 2019, and interim periods therein. The Company is currently unable to quantify the impact of adopting this guidance.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued ASU 2016-15 guidance to clarify how entities should classify certain cash receipts and cash payments on the statement of cash flows. The new guidance amends ASC 230 Statement of Cash Flows, a principles based requiring judgment to determine the appropriate classification of cash flow as operating, investing or financing activities which created diversity in how certain cash receipts and cash payments were classified. The new guidance clarifies that if a receipt or payment has aspects of more than one class of cash flows and cannot be separated, the classification will depend on the predominant source or use. While the new guidance attempts to clarify how the predominance principle should be applied, judgment will still be required. The guidance is effective for public business entities for annual periods beginning after December 15, 2017 and interim periods therein. Early adoption is permitted. Entities will have to apply the guidance retrospectively, but if it is impracticable to do so for an issue, the amendments related to that issue would be applied prospectively. The impact on the Company's results of operations, financial position or liquidity at the date of adoption of the updated guidance will be determined by the financial instruments held by the Company and the economic conditions at that time.

Presentation of Restricted Cash in the Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18 guidance that require entities to show the changes in the total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As result, entities will no longer present transfers between cash and cash equivalents and restricted cash and cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. This reconciliation can be presented either on the face of the statement of cash flows or in the notes to the financial statements. The guidance is effective for public business entities for fiscal years beginning after December 15, 2018 and interim periods within fiscal year beginning after December 15, 2019. Early adoption is permitted, but an early adoption in an interim period must show adjustments as of the beginning of the fiscal year that includes that interim period. The adoption of this guidance is not expected to have a material effect on the Company's consolidated financial condition, results of operations and disclosures, other than the presentation of restricted cash and cash equivalents in the statement of cash flows. The financial impact in the consolidated cash flows will depend on the actual amount of restricted cash and cash equivalents at the time of adoption.

Simplified Accounting for Goodwill Impairment

In February 2017, the FASB issued ASU 2017-04 guidance that simplifies the accounting for goodwill impairment for all entities by requiring impairment charges to be based on the first step in today's two-step impairment test under ASC 350 Intangibles - Goodwill and Other. Under the new guidance, if a reporting unit's carrying value amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard eliminates today's requirement to calculate goodwill impairment using Step 2, which calculates any impairment charge by comparing the implied fair value of goodwill with its carrying amount. The standard does not change the guidance on completing Step 1 of the goodwill impairment test. The standard has tiered effective dates, starting in 2020 for calendar public business entities that meet the definition of an SEC filer. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The Company is currently unable to quantify the impact of adopting this guidance.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Segment Information

The Company currently has two reportable segments: Diversified Reinsurance and AmTrust Reinsurance. Our Diversified Reinsurance segment consists of a portfolio of predominantly property and casualty reinsurance business focusing on regional and specialty property and casualty insurance companies located, primarily, in the U.S. and Europe. Our AmTrust Reinsurance segment includes all business ceded to Maiden Bermuda from AmTrust Financial Services, Inc. ("AmTrust"), primarily the AmTrust Quota Share and the European Hospital Liability Quota Share. In addition to our reportable segments, the results of operations of the former NGHC Quota Share segment and the remnants of the U.S. excess and surplus business have been included in the "Other" category. Please refer to "Note 10. Related Party Transactions" for additional information.

The Company evaluates segment performance based on segment profit separately from the results of our investment portfolio. General and administrative expenses are allocated to the segments 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 reportable segment, the Company identifies those assets that are attributable to a particular segment such as reinsurance balances receivable, reinsurance recoverable on unpaid losses, deferred commission and other acquisition expenses, loans, goodwill and intangible assets, restricted cash and cash equivalents and investments and prepaid reinsurance premiums (presented as part of other assets in the Consolidated Balance Sheet). All remaining assets are allocated to Corporate.

The following tables summarize our reporting segment's underwriting results and the reconciliation of our reportable segments and Other category's underwriting results to our consolidated net income:

For the Year Ended December 31, 2016	Diversified Reinsurance	AmTrust Reinsurance	Other	Total
Gross premiums written	$824,341	$2,006,646	$361	$2,831,348
Net premiums written	$766,119	$1,888,428	$405	$2,654,952
Net premiums earned	$724,124	$1,843,621	$405	$2,568,150
Other insurance revenue	10,817	—	—	10,817
Net loss and LAE	(579,520)	(1,225,830)	(14,556)	(1,819,906)
Commission and other acquisition expenses	(188,506)	(584,820)	(338)	(773,664)
General and administrative expenses	(35,681)	(2,896)	—	(38,577)
Underwriting (loss) income	$(68,766)	$30,075	$(14,489)	(53,180)
Reconciliation to net income				
Net investment income and realized gains on investment				152,666
Interest and amortization expenses				(28,173)
Accelerated amortization of senior note issuance cost				(2,345)
Amortization of intangible assets				(2,461)
Foreign exchange and other gains, net				11,612
Other general and administrative expenses				(28,407)
Income tax expense				(1,574)
Net income				$48,138
Net loss and LAE ratio(1)	78.9 %	66.5 %		70.6 %
Commission and other acquisition expense ratio(2)	25.6 %	31.7 %		30.0 %

General and administrative expense ratio[3]	4.9	%	0.2	%	2.6	%
Combined ratio[4]	109.4	%	98.4	%	103.2	%

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MAIDEN HOLDINGS, LTD.
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3. Segment Information (continued)

For the Year Ended December 31, 2015	Diversified Reinsurance	AmTrust Reinsurance	Other	Total
Gross premiums written	$776,852	$1,885,974	$(1)	$2,662,825
Net premiums written	$734,781	$1,779,334	$1	$2,514,116
Net premiums earned	$744,875	$1,684,191	$3	$2,429,069
Other insurance revenue	11,512	—	—	11,512
Net loss and LAE	(547,296)	(1,074,072)	(12,202)	(1,633,570)
Commission and other acquisition expenses	(196,292)	(527,863)	(42)	(724,197)
General and administrative expenses	(35,312)	(3,016)	—	(38,328)
Underwriting (loss) income	$(22,513)	$79,240	$(12,241)	44,486
Reconciliation to net income				
Net investment income and realized gains on investment				133,590
Net impairment losses recognized in earnings				(1,060)
Interest and amortization expenses				(29,063)
Amortization of intangible assets				(2,840)
Foreign exchange and other gains, net				7,753
Other general and administrative expenses				(26,544)
Income tax expense				(2,038)
Net income				$124,284
Net loss and LAE ratio(1)	72.3%	63.8%		66.9%
Commission and other acquisition expense ratio(2)	26.0%	31.3%		29.7%
General and administrative expense ratio(3)	4.7%	0.2%		2.7%
Combined ratio(4)	103.0%	95.3%		99.3%

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MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Segment Information (continued)

For the Year Ended December 31, 2014	Diversified Reinsurance	AmTrust Reinsurance	Other	Total
Gross premiums written	$ 897,748	$ 1,610,485	$ (881)	$ 2,507,352
Net premiums written	$ 850,049	$ 1,610,485	$ (2,398)	$ 2,458,136
Net premiums earned	$ 854,026	$ 1,378,327	$ 19,390	$ 2,251,743
Other insurance revenue	13,410	—	—	13,410
Net loss and LAE	(579,771)	(893,502)	(24,998)	(1,498,271)
Commission and other acquisition expenses	(233,711)	(418,908)	(6,696)	(659,315)
General and administrative expenses	(38,858)	(2,533)	(757)	(42,148)
Underwriting income (loss)	$ 15,096	$ 63,384	$ (13,061)	65,419
Reconciliation to net income				
Net investment income and realized gains on investment				118,378
Net impairment losses recognized in earnings				(2,364)
Interest and amortization expenses				(29,959)
Accelerated amortization of debt discount and issuance cost				(28,240)
Amortization of intangible assets				(3,277)
Foreign exchange and other gains, net				4,150
Other general and administrative expenses				(20,410)
Income tax expense				(2,164)
Net income				$ 101,533
Net loss and LAE ratio (1)	66.8 %	64.8 %		66.1 %
Commission and other acquisition expense ratio (2)	26.9 %	30.4 %		29.1 %
General and administrative expense ratio (3)	4.6 %	0.2 %		2.8 %
Combined ratio (4)	98.3 %	95.4 %		98.0 %

(1) Calculated by dividing net loss and LAE by the sum of net premiums earned and other insurance revenue.
(2) Calculated by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue.
(3) Calculated by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue.
(4) Calculated by adding together net loss and LAE ratio, commission and other acquisition expense ratio and general and administrative expense ratio.

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MAIDEN HOLDINGS, LTD.
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(In thousands of U.S. dollars, except share and per share data)

3. Segment Information (continued)

The following tables summarize the financial position of our reportable segments including the reconciliation to our consolidated assets at December 31, 2016 and 2015:

December 31, 2016	Diversified Reinsurance	AmTrust Reinsurance	Total
Reinsurance balances receivable, net	$ 281,073	$ 119,151	$400,224
Reinsurance recoverable on unpaid losses	54,299	32,933	87,232
Deferred commission and other acquisition expenses	85,432	339,173	424,605
Loan to related party	—	167,975	167,975
Goodwill and intangible assets, net	77,715	—	77,715
Restricted cash and cash equivalents and investments	1,364,844	3,020,759	4,385,603
Other assets	41,008	103,025	144,033
Total assets - reportable segments	$ 1,904,371	$ 3,783,016	5,687,387
Corporate assets			564,912
Total Assets			$6,252,299

December 31, 2015	Diversified Reinsurance	AmTrust Reinsurance	Total
Reinsurance balances receivable, net	$ 230,223	$ 137,586	$367,809
Reinsurance recoverable on unpaid losses	38,390	14,230	52,620
Deferred commission and other acquisition expenses	80,012	317,536	397,548
Loan to related party	—	167,975	167,975
Goodwill and intangible assets, net	81,920	—	81,920
Restricted cash and cash equivalents and investments	1,178,076	2,468,689	3,646,765
Other assets	35,920	72,843	108,763
Total assets - reportable segments	$ 1,644,541	$ 3,178,859	4,823,400
Corporate assets			880,178
Total Assets			$5,703,578

The following table shows an analysis of the Company’s gross and net premiums written and net premiums earned by geographic location for the years ended December 31, 2016, 2015 and 2014. In case of business assumed from AmTrust, it is the location of the relevant AmTrust subsidiaries.

For the Year Ended December 31,	2016	2015	2014
Gross premiums written – North America	$2,442,483	$2,165,309	$1,979,768
Gross premiums written – Other (predominantly Europe)	388,865	497,516	527,584
Gross premiums written – Total	$2,831,348	$2,662,825	$2,507,352
Net premiums written – North America	$2,280,232	$2,038,444	$1,934,644
Net premiums written – Other (predominantly Europe)	374,720	475,672	523,492
Net premiums written – Total	$2,654,952	$2,514,116	$2,458,136
Net premiums earned – North America	$2,184,184	$2,027,141	$1,778,579
Net premiums earned – Other (predominantly Europe)	383,966	401,928	473,164
Net premiums earned – Total	$2,568,150	$2,429,069	$2,251,743

Explanation of Responses:

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3. Segment Information (continued)

The following tables set forth financial information relating to net premiums written by major line of business and reportable segment for the years ended December 31, 2016, 2015 and 2014:

For the Year Ended December 31,	2016		2015		2014	
	Total	% of Total	Total	% of Total	Total	% of Total
Net premiums written						
Diversified Reinsurance						
Property	$141,353	5.3 %	$160,939	6.4 %	$160,308	6.5 %
Casualty	466,089	17.6 %	435,625	17.3 %	535,518	21.8 %
Accident and Health	80,004	3.0 %	64,102	2.6 %	38,870	1.6 %
International	78,673	3.0 %	74,115	2.9 %	115,353	4.7 %
Total Diversified Reinsurance	766,119	28.9 %	734,781	29.2 %	850,049	34.6 %
AmTrust Reinsurance						
Small Commercial Business	1,181,496	44.5 %	1,057,968	42.1 %	857,576	34.9 %
Specialty Program	344,677	13.0 %	332,416	13.2 %	220,121	8.9 %
Specialty Risk and Extended Warranty	362,255	13.6 %	388,950	15.5 %	532,788	21.7 %
Total AmTrust Reinsurance	1,888,428	71.1 %	1,779,334	70.8 %	1,610,485	65.5 %
Other	405	— %	1	— %	(2,398)	(0.1)%
	$2,654,952	100.0%	$2,514,116	100.0%	$2,458,136	100.0 %

The following tables set forth financial information relating to net premiums earned by major line of business and reportable segment for the years ended December 31, 2016, 2015 and 2014:

For the Year Ended December 31,	2016		2015		2014	
	Total	% of Total	Total	% of Total	Total	% of Total
Net premiums earned						
Diversified Reinsurance						
Property	$136,629	5.3 %	$157,186	6.5 %	$174,785	7.7 %
Casualty	432,509	16.8 %	449,000	18.5 %	533,775	23.7 %
Accident and Health	74,204	2.9 %	55,672	2.3 %	39,918	1.8 %
International	80,782	3.2 %	83,017	3.4 %	105,548	4.7 %
Total Diversified Reinsurance	724,124	28.2 %	744,875	30.7 %	854,026	37.9 %
AmTrust Reinsurance						
Small Commercial Business	1,131,582	44.1 %	984,333	40.5 %	752,188	33.4 %
Specialty Program	337,396	13.1 %	290,209	11.9 %	175,286	7.8 %
Specialty Risk and Extended Warranty	374,643	14.6 %	409,649	16.9 %	450,853	20.0 %
Total AmTrust Reinsurance	1,843,621	71.8 %	1,684,191	69.3 %	1,378,327	61.2 %
Other	405	— %	3	— %	19,390	0.9 %
	$2,568,150	100.0%	$2,429,069	100.0%	$2,251,743	100.0%

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MAIDEN HOLDINGS, LTD.
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4. Investments

a) Fixed Maturities and Other Investments

During 2016, we designated additional fixed maturities with a total fair value of $155,538 (2015 - $608,722) as HTM reflecting our intent to hold these securities to maturity. The net unrealized holding gain of $15,770 (2015 - $244) at the designation date continues to be reported in the carrying value of the HTM securities and is amortized through other comprehensive income over the remaining life of the securities using the effective yield method in a manner consistent with the amortization of any premium or discount.

The original or amortized cost, estimated fair value and gross unrealized gains and losses of fixed maturities and other investments at December 31, 2016 and 2015, are as follows:

December 31, 2016	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS fixed maturities:				
U.S. treasury bonds	$5,186	$ 238	$(11)	$5,413
U.S. agency bonds – mortgage-backed	1,720,436	12,867	(17,265)	1,716,038
U.S. agency bonds – other	18,082	20	—	18,102
Non-U.S. government and supranational bonds	35,158	73	(5,297)	29,934
Asset-backed securities	217,232	3,713	(69)	220,876
Corporate bonds	1,947,347	30,951	(62,093)	1,916,205
Municipal bonds	62,201	2,897	—	65,098
Total AFS fixed maturities	4,005,642	50,759	(84,735)	3,971,666
HTM fixed maturities:				
Corporate bonds	752,212	16,370	(2,447)	766,135
Total HTM fixed maturities	752,212	16,370	(2,447)	766,135
Other investments	10,057	3,003	—	13,060
Total investments	$4,767,911	$ 70,132	$(87,182)	$4,750,861

December 31, 2015	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS fixed maturities:				
U.S. treasury bonds	$5,714	$ 312	$(16)	$6,010
U.S. agency bonds – mortgage-backed	1,471,782	15,399	(10,190)	1,476,991
U.S. agency bonds – other	23,734	577	—	24,311
Non-U.S. government and supranational bonds	35,128	—	(4,584)	30,544
Asset-backed securities	165,719	1,174	(1,089)	165,804
Corporate bonds	1,798,610	38,070	(97,012)	1,739,668
Municipal bonds	62,177	2,583	—	64,760
Total AFS fixed maturities	3,562,864	58,115	(112,891)	3,508,088
HTM fixed maturities:				
Corporate bonds	607,843	3,458	(12,326)	598,975
Total HTM fixed maturities	607,843	3,458	(12,326)	598,975

Other investments	10,816	1,091	(95)	11,812
Total investments	$4,181,523	$ 62,664	$(125,312)	$4,118,875

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4. Investments (continued)

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

	AFS fixed maturities		HTM fixed maturities	
December 31, 2016	Amortized cost	Fair value	Amortized cost	Fair value
Maturity				
Due in one year or less	$69,278	$61,219	$—	$—
Due after one year through five years	578,034	560,141	260,557	263,990
Due after five years through ten years	1,378,403	1,371,356	486,568	497,101
Due after ten years	42,259	42,036	5,087	5,044
	2,067,974	2,034,752	752,212	766,135
U.S. agency bonds – mortgage-backed	1,720,436	1,716,038	—	—
Asset-backed securities	217,232	220,876	—	—
Total fixed maturities	$4,005,642	$3,971,666	$752,212	$766,135

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

	Less than 12 Months		12 Months or More		Total	
December 31, 2016	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed maturities						
U.S. treasury bonds	$589	$(11)	$—	$—	$589	$(11)
U.S. agency bonds – mortgage-backed	997,943	(14,440)	47,969	(2,825)	1,045,912	(17,265)
Non–U.S. government and supranational bonds	3,169	(160)	25,236	(5,137)	28,405	(5,297)
Asset-backed securities	30,589	(69)	—	—	30,589	(69)
Corporate bonds	642,599	(15,058)	357,954	(49,482)	1,000,553	(64,540)
Total temporarily impaired fixed maturities	$1,674,889	$(29,738)	$431,159	$(57,444)	$2,106,048	$(87,182)

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4. Investments (continued)

At December 31, 2016, there were approximately 251 securities in an unrealized loss position with a fair value of $2,106,048 and unrealized losses of $87,182. Of these securities, there were 91 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $431,159 and unrealized losses of $57,444.

December 31, 2015	Less than 12 Months Fair value	Less than 12 Months Unrealized losses	12 Months or More Fair value	12 Months or More Unrealized losses	Total Fair value	Total Unrealized losses
Fixed maturities						
U.S. treasury bonds	$1,119	$(16)	$—	$—	$1,119	$(16)
U.S. agency bonds – mortgage-backed	443,331	(4,113)	170,053	(6,077)	613,384	(10,190)
Non-U.S. government and supranational bonds	6,958	(365)	22,586	(4,219)	29,544	(4,584)
Asset-backed securities	89,838	(1,089)	—	—	89,838	(1,089)
Corporate bonds	752,911	(41,352)	399,779	(67,986)	1,152,690	(109,338)
Total temporarily impaired fixed maturities	1,294,157	(46,935)	592,418	(78,282)	1,886,575	(125,217)
Other investments	4,905	(95)	—	—	4,905	(95)
Total temporarily impaired fixed maturities and other investments	$1,299,062	$(47,030)	$592,418	$(78,282)	$1,891,480	$(125,312)

At December 31, 2015, there were approximately 270 securities in an unrealized loss position with a fair value of $1,891,480 and unrealized losses of $125,312. Of these securities, there were 93 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $592,418 and unrealized losses of $78,282.

OTTI

The Company performs quarterly reviews of its fixed maturities in order to determine whether declines in fair value below the amortized cost basis were considered other-than-temporary in accordance with applicable guidance. At December 31, 2016, we have determined that the unrealized losses on fixed maturities were primarily due to widening of credit and interest rate spreads as well as the impact of foreign exchange rate changes on certain foreign currency denominated AFS fixed maturities 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 do so 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 December 31, 2016. The Company has therefore recognized no OTTI through earnings for the year ended December 31, 2016. The Company recognized $1,060 and $2,364 of OTTI for the years ended December 31, 2015 and 2014, respectively.

The following summarizes the credit ratings of our fixed maturities:

Ratings[(1)] at December 31, 2016	Amortized cost	Fair value	% of Total fair value
U.S. treasury bonds	$5,186	$5,413	0.1 %
U.S. agency bonds	1,738,518	1,734,140	36.6 %
AAA	170,515	171,090	3.6 %

AA+, AA, AA-	238,315	237,169	5.0 %
A+, A, A-	1,386,023	1,374,860	29.0 %
BBB+, BBB, BBB-	1,053,529	1,047,376	22.2 %
BB+ or lower	165,768	167,753	3.5 %
Total fixed maturities	$4,757,854	$4,737,801	100.0%

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4. Investments (continued)

Ratings[1] at December 31, 2015	Amortized cost	Fair value	% of Total fair value
U.S. treasury bonds	$5,714	$6,010	0.1 %
U.S. agency bonds	1,495,516	1,501,302	36.6 %
AAA	170,190	170,391	4.1 %
AA+, AA, AA-	222,506	223,084	5.4 %
A+, A, A-	1,075,550	1,066,794	26.0 %
BBB+, BBB, BBB-	1,077,064	1,039,228	25.3 %
BB+ or lower	124,167	100,254	2.5 %
Total fixed maturities	$4,170,707	$4,107,063	100.0%

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

b) Other Investments

The table below shows our portfolio of other investments:

December 31,	2016		2015	
	Fair value	% of Total fair value	Fair value	% of Total fair value
Investment in limited partnerships	$5,474	41.9 %	$5,907	50.0 %
Investment in quoted equity	6,586	50.4 %	4,905	41.5 %
Other	1,000	7.7 %	1,000	8.5 %
Total other investments	$13,060	100.0%	$11,812	100.0%

The Company has a remaining unfunded commitment on its investment in limited partnerships of approximately $463 at December 31, 2016 (2015 - $622).

c) Net Investment Income

Net investment income was derived from the following sources:

For the Year Ended December 31,	2016	2015	2014
Fixed maturities	$147,011	$132,394	$118,203
Cash and cash equivalents	3,328	2,578	2,224
Loan to related party	2,360	1,865	1,797
Other	118	312	246
	152,817	137,149	122,470
Investment expenses	(6,925)	(6,057)	(5,255)
Net investment income	$145,892	$131,092	$117,215

d) Realized Gains (Losses) on Investment

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

For the Year Ended December 31, 2016	Gross gains	Gross losses	Net
AFS fixed maturities	$7,140	$(916)	$6,224
Other investments	550	—	550
Net realized gains on investment	$7,690	$(916)	$6,774

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4. Investments (continued)

For the Year Ended December 31, 2015	Gross gains	Gross losses	Net
AFS fixed maturities	$2,849	$(543)	$2,306
Other investments	192	—	192
Net realized gains on investment	$3,041	$(543)	$2,498
For the Year Ended December 31, 2014	**Gross gains**	**Gross losses**	**Net**
AFS fixed maturities	$1,334	$(610)	$724
Other investments	439	—	439
Net realized gains on investment	$1,773	$(610)	$1,163

Proceeds from sales of fixed maturities classified as AFS were $129,306, $129,152 and $171,216 for the years ended December 31, 2016, 2015 and 2014, respectively.

Net unrealized (losses) gains were as follows:

December 31,	2016	2015	2014
Fixed maturities	$(23,635)	$(55,024)	$77,040
Other investments	3,003	996	1,709
Total net unrealized (losses) gains	(20,632)	(54,028)	78,749
Deferred income tax	(84)	(84)	(170)
Net unrealized (losses) gains, net of deferred income tax	$(20,716)	$(54,112)	$78,579
Change, net of deferred income tax	$33,396	$(132,691)	$43,851

e) Restricted Cash and Cash Equivalents and Investments

We are required to maintain assets on deposit to support our reinsurance operations and to serve as collateral for our reinsurance liabilities under various reinsurance agreements. 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 maturities. The fair value of our restricted assets was as follows:

December 31,	2016	2015
Restricted cash – third party agreements	$56,891	$102,837
Restricted cash – related party agreements	46,777	139,944
Restricted cash – U.S. state regulatory authorities	120	78
Total restricted cash	103,788	242,859
Restricted investments – in trust for third party agreements at fair value (Amortized cost: 2016 – $1,307,926; 2015 – $1,081,202)	1,299,569	1,067,602
Restricted investments AFS– in trust for related party agreements at fair value (Amortized cost: 2016 – $2,242,565; 2015 – $1,781,178)	2,225,066	1,754,705
Restricted investments HTM– in trust for related party agreements at fair value (Amortized cost: 2016 – $752,212; 2015 – $607,843)	766,135	598,975
	4,238	4,303

Restricted investments – in trust for U.S. state regulatory authorities (Amortized cost: 2016 – $4,059; 2015 – $4,071)		
Total restricted investments	4,295,008	3,425,585
Total restricted cash and investments	$4,398,796	$3,668,444

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5. Fair Value Measurements

a) Fair Values of Financial Instruments

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

The following describes the valuation techniques used by the Company to determine the fair value of financial instruments held at December 31, 2016 and 2015.

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

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

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

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

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

Other investments — Includes both quoted and unquoted investments. The fair value of our quoted equity investment is obtained from the Pricing Service and is classified within Level 1. Unquoted other investments comprise investments in limited partnerships and an investment in preference shares of a start-up insurance producer. The fair values of the limited partnerships are determined by the fund manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals, and as such, the fair values are included in the Level 3 fair value hierarchy. The fair value of the investment in preference shares of a start-up insurance producer was determined using recent private market transactions and as such, the fair value is included in the Level 3 fair value hierarchy.

Reinsurance balances receivable — The carrying values reported in the consolidated 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 consolidated balance sheets for this financial instrument approximates its fair value.

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

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5. Fair Value Measurements (continued)

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 December 31, 2016 and 2015, we classified our financial instruments measured at fair value on a recurring basis in the following valuation hierarchy:

December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
AFS fixed maturities				
U.S. treasury bonds	$5,413	$—	$ —	$5,413
U.S. agency bonds – mortgage-backed	—	1,716,038	—	1,716,038
U.S. agency bonds – other	—	18,102	—	18,102
Non-U.S. government and supranational bonds	—	29,934	—	29,934
Asset-backed securities	—	220,876	—	220,876
Corporate bonds	—	1,916,205	—	1,916,205
Municipal bonds	—	65,098	—	65,098
Other investments	6,586	—	6,474	13,060
Total	$11,999	$3,966,253	$ 6,474	$3,984,726
As a percentage of total assets	0.2 %	63.4 %	0.1 %	63.7 %

December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
AFS fixed maturities				
U.S. treasury bonds	$6,010	$—	$ —	$6,010
U.S. agency bonds – mortgage-backed	—	1,476,991	—	1,476,991
U.S. agency bonds – other	—	24,311	—	24,311

Non-U.S. government and supranational bonds	—	30,544	—	30,544
Asset-backed securities	—	165,804	—	165,804
Corporate bonds	—	1,739,668	—	1,739,668
Municipal bonds	—	64,760	—	64,760
Other investments	4,905	—	6,907	11,812
Total	$10,915	$3,502,078	$ 6,907	$3,519,900
As a percentage of total assets	0.2 %	61.4 %	0.1 %	61.7 %

The Company utilized a Pricing Service to estimate fair value measurements for approximately 98.8% and 99.9% of its fixed maturities at December 31, 2016 and 2015, respectively. The Pricing Service utilizes market quotations for fixed maturity securities that have quoted market prices in active markets. Since fixed maturities other than U.S. treasury bonds generally do not trade actively on a daily basis, the Pricing Service prepares estimates of fair value measurements using relevant market data, benchmark curves, sector groupings and matrix pricing and these have been classified as Level 2.

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5. Fair Value Measurements (continued)

At December 31, 2016 and 2015, 1.2% and 0.1%, respectively, of the fixed maturities are valued using the market approach. At those dates, a total of three securities and two securities, respectively, or approximately $56,674 and $4,943, respectively, of Level 2 fixed maturities, were priced using a quotation from a broker and/or custodian as opposed to the Pricing Service due to lack of information available. At December 31, 2016, one of the three securities, which is an Agency MBS with a fair value of $51,510, is a new market issue that is subsequently priced by the Pricing Service in January 2017. At December 31, 2016 and 2015, we have not adjusted any pricing provided to us based on the review performed by our investment managers.

The Company utilized a Pricing Service to estimate fair value measurement for the quoted equity investment reflecting the closing price quoted for the final trading day of the period and is included in Level 1. For the unquoted other investments, the Company has $5,474 or 0.1% of its investment portfolio in limited partnerships where the fair value estimate is determined by the fund manager based on recent filings, operating results, balance sheet stability, growth, other business and market sector fundamentals and an investment of $1,000 in convertible preference shares of a start-up insurance producer, the fair value of which was determined using recent private market transactions. Due to the significant unobservable inputs in these valuations, the Company includes the estimate of the fair value of the unquoted investments as Level 3.

There have not been any transfers between Level 1 and Level 2 and there has not been any transfers to or from Level 3 during the periods represented by these Consolidated Financial Statements.

c) Level 3 Financial Instruments

The Company has determined that its investments in Level 3 securities are not material to its financial position or results of operations. The following table presents changes in Level 3 of our financial instruments measured at fair value on a recurring basis for the years ended December 31, 2016 and 2015:

	For the Year Ended December 31,	
Other investments:	2016	2015
Balance at beginning of period	$6,907	$6,581
Total realized gains – included in net realized gains on investment	448	192
Total realized losses – included in net realized gains on investment	—	—
Change in total unrealized gains – included in other comprehensive income (loss)	78	373
Change in total unrealized losses – included in other comprehensive income (loss)	—	—
Purchases	172	217
Sales and redemptions	(1,131)	(456)
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Balance at end of period	$6,474	$6,907
Level 3 gains included in net income attributable to the change in unrealized gains relating to assets held at the reporting date	$—	$—

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5. Fair Value Measurements (continued)

(d) Financial Instruments not measured at Fair Value

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

	December 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
HTM – corporate bonds	$752,212	$766,135	$607,843	$598,975
Total financial assets	$752,212	$766,135	$607,843	$598,975
Financial Liabilities				
MHLA – 6.625%	$110,000	$111,452	$—	$—
MHNC – 7.75%	152,500	164,700	152,500	165,456
MHNB – 8.00%	100,000	101,600	100,000	105,328
MHNA – 8.25%	—	—	107,500	110,424
Total financial liabilities	$362,500	$377,752	$360,000	$381,208

6. Goodwill and Intangible Assets

The Company recognizes Goodwill and Intangible Assets in connection with certain acquisitions.

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 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.

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.

On November 4, 2015, Maiden US finalized the sale of its wholly owned subsidiary, Maiden Specialty Insurance Company, to Clear Blue Financial Holdings, LLC ("Clear Blue"). The goodwill and intangible assets disposed of by way of this sale agreement were $1,120 and $3,200, respectively. During 2015, the Company acquired a majority interest in Regulatory Capital Limited, trading as Insurance Regulatory Capital ("IRC"), a licensed asset manager in Ireland. IRC offers solutions designed to meet the capital and risk management needs of mid-sized insurance companies. The Company recognized goodwill of $1,800 as a result of the acquisition.

The goodwill and intangible assets are assigned to our Diversified Reinsurance segment and are subject to annual impairment testing. During 2016, the Company has written off the goodwill relating to the acquisition of a majority interest in IRC which was deemed to be permanently impaired. The Company recognized an impairment loss of

$1,800 as a result, which is presented in the consolidated statement of income as part of foreign exchange and other gains, net. No impairment was recorded during the years ended December 31, 2015 and 2014.

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6. Goodwill and Intangible Assets (continued)

The following tables show the analysis of goodwill and intangible assets:

	Goodwill	Intangible Assets	Total
December 31, 2014	$58,312	$29,024	$87,336
Acquired during the year	1,800	—	1,800
Disposed during the year	(1,120)	(3,200)	(4,320)
Cumulative translation adjustment	(56)	—	(56)
Amortization	—	(2,840)	(2,840)
December 31, 2015	$58,936	$22,984	$81,920
Cumulative translation adjustment	56	—	56
Amortization	—	(2,461)	(2,461)
Impairment losses	(1,800)	—	(1,800)
December 31, 2016	$57,192	$20,523	$77,715

December 31, 2016	Gross	Accumulated Amortization	Accumulated Impairment	Net	Useful Life
Goodwill	$58,992	$ —	$ (1,800)	$57,192	Indefinite
State licenses	4,527	—	—	4,527	Indefinite
Customer relationships	51,400	(35,404)	—	15,996	15 years double declining
Net balance	$114,919	$ (35,404)	$ (1,800)	$77,715	

December 31, 2015	Gross	Accumulated Amortization	Net	Useful Life
Goodwill	$58,936	$ —	$58,936	Indefinite
State licenses	4,527	—	4,527	Indefinite
Customer relationships	51,400	(32,943)	18,457	15 years double declining
Net balance	$114,863	$ (32,943)	$81,920	

The estimated amortization of intangible assets for the next five years is as follows:

2017	$2,133
2018	1,848
2019	1,602
2020	1,388
2021	1,203

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7. Long-Term Debt

Senior Notes

Maiden Holdings and its wholly owned subsidiary, Maiden Holdings North America, Ltd. ("Maiden NA"), have completed public debt offerings on four separate occasions, with the issuance of Senior Notes in 2011, 2012, 2013 and 2016, respectively (the "Senior Notes"). Each of these issuances made by Maiden NA, namely the 2011, 2012 and 2013 Senior Notes, is fully and unconditionally guaranteed by the Company. The Senior Notes are unsecured and unsubordinated obligation of the Company.

On June 14, 2016, Maiden Holdings issued $110,000 6.625% 2016 Senior Notes for cash.

On June 15, 2016, we fully redeemed all of the 2011 Senior Notes using the proceeds from the 2016 Senior Notes issuance. The 2011 Senior Notes were redeemed at a redemption price equal to 100% of the principal amount of $107,500 plus accrued and unpaid interest on the principal amount being redeemed up to, but not including, the redemption date. As a result, the Company accelerated the amortization of the remaining debt issuance cost of $2,345.

The following table details the Company's Senior Notes issuances as of December 31, 2016 and 2015:

December 31, 2016	2016 Senior Notes	2013 Senior Notes	2012 Senior Notes	2011 Senior Notes	Total
Principal amount	$110,000	$152,500	$100,000	$—	$362,500
Less: unamortized issuance costs	3,694	4,532	2,865	—	11,091
Carrying value	$106,306	$147,968	$97,135	$—	$351,409

December 31, 2015	2016 Senior Notes	2013 Senior Notes	2012 Senior Notes	2011 Senior Notes	Total
Principal amount	$—	$152,500	$100,000	107,500	$360,000
Less: unamortized issuance costs	—	4,701	2,979	2,387	10,067
Carrying value	$—	$147,799	$97,021	$105,113	$349,933
Other details:					
Original debt issuance costs	$3,715	$5,054	$3,406	$2,811	
Maturity date	June 14, 2046	Dec 1, 2043	Mar 27, 2042	June 15, 2041	
Earliest redeemable date (for cash)	June 14, 2021	Dec 1, 2018	Mar 27, 2017	June 15, 2016	
Coupon rate	6.625 %	7.75 %	8.00 %	8.25 %	
Effective interest rate	7.07 %	8.04 %	8.31 %	8.47 %	

The interest expense incurred on the Senior Notes for the year ended December 31, 2016 was $27,827 (2015 - $28,687, 2014 - $28,687), of which $1,453 and $1,523 was accrued at December 31, 2016 and 2015, respectively. The debt issuance costs related to the Senior Notes were capitalized and are being amortized over the life of the notes. The amount of amortization expense was $346 for the year ended December 31, 2016 (2015 - $376, 2014 - $375).

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8. Reinsurance

We use retrocessional agreements ("ceded reinsurance") to mitigate volatility, to reduce our exposure on certain specialty reinsurance risks and to provide capital support. These agreements provide for recovery from reinsurers of a portion of loss and LAE under certain circumstances without relieving the Company of its obligations to the policyholders. The Company remains liable to the extent that any of our reinsurers fails to meet their obligations. Loss and LAE incurred and premiums earned are reported after deduction for reinsurance. In the event that one or more of our reinsurers are unable to meet their obligations under these reinsurance agreements, the Company would not realize the full value of the reinsurance recoverable balances.

Effective January 1, 2015, Maiden Bermuda entered into a retrocessional quota share agreement with a highly rated global insurer to cede certain lines of business from both of our reportable segments.

The effect of ceded reinsurance on net premiums written and earned and on net loss and LAE for the years ended December 31, 2016, 2015 and 2014 was as follows:

For the Year Ended December 31,	2016	2015	2014
Premiums written			
Direct	$8,045	$9,160	$48,565
Assumed	2,823,303	2,653,666	2,458,787
Ceded	(176,396)	(148,710)	(49,216)
Net	$2,654,952	$2,514,116	$2,458,136
Premiums earned			
Direct	$9,766	$26,358	$70,807
Assumed	2,698,879	2,481,515	2,253,750
Ceded	(140,495)	(78,804)	(72,814)
Net	$2,568,150	$2,429,069	$2,251,743
Loss and LAE			
Gross loss and LAE	$1,918,797	$1,687,564	$1,592,795
Loss and LAE ceded	(98,891)	(53,994)	(94,524)
Net	$1,819,906	$1,633,570	$1,498,271

The reinsurers with the three largest balances accounted for 54.8%, 31.6% and 2.9%, respectively, of the Company's reinsurance recoverable on unpaid losses balance at December 31, 2016 (2015 – 40.9%, 35.5% and 4.8%, respectively). At December 31, 2016, 97.2% (2015 - 99.1%) of the reinsurance recoverable on unpaid losses was due from reinsurers with credit ratings from A.M Best of A or better, and 2.8% (2015 - 0.9%) of the reinsurance recoverable on unpaid losses was due from reinsurers with ratings of B++ or lower. At December 31, 2016 and 2015, the Company had no valuation allowance against reinsurance recoverable on unpaid losses.

At December 31, 2016, 98.6% (December 31, 2015 - 69.4%) of reinsurance recoverable on unpaid losses, due from reinsurers with ratings of B++ or lower, were collateralized.

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9. Reserve for Loss and Loss Adjustment Expenses

Our reserve for loss and LAE comprises:

December 31,	2016	2015
Reserve for reported loss and LAE	$1,617,956	$1,411,712
Reserve for losses incurred but not reported ("IBNR")	1,278,540	1,098,389
Reserve for loss and LAE	$2,896,496	$2,510,101

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

For the Year Ended December 31,	2016	2015	2014
Gross loss and LAE reserves, January 1	$2,510,101	$2,271,292	$1,957,835
Less: reinsurance recoverable on unpaid losses, January 1	71,248	75,873	84,036
Net loss and LAE reserves, January 1	2,438,853	2,195,419	1,873,799
Net incurred losses related to:			
Current year	1,600,454	1,558,704	1,479,425
Prior years	219,452	74,866	18,846
	1,819,906	1,633,570	1,498,271
Net paid losses related to:			
Current year	(430,707)	(457,517)	(430,394)
Prior years	(1,006,884)	(892,840)	(705,397)
	(1,437,591)	(1,350,357)	(1,135,791)
Effect of foreign exchange movements	(24,608)	(39,779)	(40,860)
Net loss and LAE reserves, December 31	2,796,560	2,438,853	2,195,419
Reinsurance recoverable on unpaid losses, December 31	99,936	71,248	75,873
Gross loss and LAE reserves, December 31	$2,896,496	$2,510,101	$2,271,292

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

The anticipated effect of inflation is implicitly considered when estimating liabilities for loss and LAE. While anticipated changes in claim costs due to inflation are considered in estimating the ultimate claim costs, changes in average severity of claims are caused by a number of factors that vary with the individual type of policy written. Ultimate losses are projected based on historical trends adjusted for implemented changes in underwriting standards, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual development and are modified if necessary. Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves in previous calendar years. The development reflects changes in management's best estimate of the ultimate losses under the relevant reinsurance policies after review of changes in actuarial assessments.

During 2016, the Company increased loss reserves for 2015 and prior years by $219,452 or 9.0% of prior year net loss and LAE reserves compared to $74,866 or 3.3% in 2015 and of $18,846 or 1.0% in 2014, respectively. The increase in prior year incurred losses was primarily due to the reserve charge implemented in the fourth quarter as well as new premium ceded during 2016 on prior underwriting year contracts. Due to loss sensitive features of certain contracts, favorable (or unfavorable) loss reserve development does not necessarily result in a commensurate amount of additional (or reduced) underwriting income as ceding commission may be adjusted proportionally to the amount of loss development, pursuant to the terms of the individual contracts. The Company recognized approximately $165,343 of adverse development, net of commission changes on adjustable contracts for the full year. This was largely due to significant fourth quarter adverse development in commercial auto liability in both the Diversified Reinsurance and AmTrust Reinsurance segments.

For the Diversified Reinsurance segment, adverse development was $96,788 (2015 - adverse development $49,856, 2014 - favorable development $14,959) for the full year, including the fourth quarter of 2016 reserve charge as well as adverse development experienced in prior quarters of 2016. For the AmTrust Reinsurance segment, adverse development was $54,000, (2015 - adverse development $9,100, 2014 - adverse development $13,900) largely related to program commercial auto as well as program general liability.

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

a) Claims Development

The adoption of ASU 2015-09 Disclosures about Short-Duration Contracts did not change any of the methodologies or assumptions used in compiling data used in the Company's Consolidated Financial Statements or in estimating incurred losses.

Incurred loss and LAE reflects estimates of ultimate losses based on information received from cedants or obtained through reviews of industry trends, regarding claims incurred prior to the end of each financial year. A (redundancy) or deficiency arises when the re-estimation of reserves is (lower) or greater than its estimation at the preceding year-end. The cumulative (redundancies) or deficiencies reflect cumulative differences between the initial reported net reserves and the currently re-estimated net reserves. Annual changes in the estimates are reflected in the consolidated statement of income for each year as the liabilities are re-estimated.

IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves. The Company updates its estimates for each of the aforementioned categories on a quarterly basis using information received from its cedants. IBNR estimates will be negative where our history indicates favorable future emergence is the best estimate. For all lines, the Company’s objective is to estimate ultimate loss and LAE. As a result, the reserve for loss and LAE include significant estimates for IBNR reserves. Please refer to "Note 2. Significant Accounting Policies" for the accounting policy and methodology for determining loss reserves. As a reinsurer of primarily quota share contracts, claim counts are frequently unavailable and as a result they are not a methodology applied in our loss reserving process and therefore claim counts have not been provided in the table below as it is impractical to do so.

The following is a summary of the Company's incurred losses and paid losses development by accident year, net of reinsurance, from the last six calendar years including the total reserve for losses IBNR plus development on reported loss and LAE for both our reportable segments, Diversified Reinsurance and AmTrust Reinsurance, as of December 31, 2016. Information prior to 2016 is included as unaudited supplementary information. As a reinsurer we are reliant on our cedants to provide us with this detailed information. Six years of information has been presented only as it was impractical to obtain the sufficiently detailed additional information on those earlier years. The incurred and paid amounts have been translated from the local currency to U.S. dollars using the December 31, 2016 spot rate for all years presented in the table below in order to isolate changes in foreign exchange rates from loss development. Information regarding our Other category has not been presented in the development tables below but is included in the reconciliation, as these losses include amounts from our former NGHC Quota Share segment and the remnants of the U.S. excess and surplus business, which are in run-off.

There are a number of factors to consider when considering the information in these tables:

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

- In the Diversified Reinsurance segment, our U.S. operations have adjustable commission features on a significant portion of its business which is not reflected in this loss disclosure;

- In the AmTrust Reinsurance segment, the European Hospital Liability Quota Share exposure results in many instances where claims are eventually closed with no liability. As a claims made exposure, there is also minimal to no "tail" that would result in IBNR. The net result is a significant amount of negative IBNR accounting for claims with case reserves established that are expected to be closed with no payment; and

- In the AmTrust Reinsurance segment, these numbers are affected by the commutation with AmTrust at year end 2015 which resulted in a $107,000 payment and the reduction of loss and unearned premium reserves.

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

The following table represents information on the Company's incurred losses and LAE and cumulative paid losses and LAE, both net of reinsurance, since 2011 for our Diversified Reinsurance segment. The development tables below included reserves acquired from the loss portfolio transfer agreement associated with the GMAC RE business as at October 31, 2008 of $755,554 and reserves acquired from the loss portfolio transfer agreement associated with the GMAC International Insurance Services business as at November 30, 2010 of $98,827. For the purposes of the disclosure, the reserves from each of the loss portfolio transfers were allocated to the original accident year. Prior period information is unaudited and is presented as required supplementary information.

Diversified Reinsurance	Incurred losses and LAE, net of reinsurance						At December 31, 2016
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	Total IBNR
Accident Year:	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
2007 and prior	$570,859	$ 563,762	$ 552,718	$ 546,160	$ 552,342	$556,561	$ 7,626
2008	207,118	188,325	180,972	179,100	180,624	180,957	17,681
2009	376,766	370,940	362,134	366,680	367,492	367,738	15,767
2010	519,644	517,885	559,628	591,836	583,788	590,871	13,207
2011	475,042	500,027	480,265	497,245	499,809	503,011	16,595
2012		549,587	527,380	547,331	551,957	561,003	21,098
2013			531,167	454,637	516,728	537,057	38,675
2014				583,353	565,198	596,039	79,168
2015					493,518	513,791	112,954
2016						481,086	217,631
Total						$4,888,114	$ 540,402

	Cumulative paid losses and LAE, net of reinsurance					
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016
Accident Year:	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
2007 and prior	349,690	394,639	432,821	452,716	470,930	476,064
2008	111,589	126,265	135,439	140,884	147,568	157,420
2009	225,940	252,388	264,246	274,120	283,705	292,088
2010	336,181	422,063	479,840	511,819	536,759	551,702
2011	168,075	326,995	387,380	427,817	445,476	459,451
2012		201,871	351,247	420,709	453,673	483,631
2013			192,601	334,452	408,651	453,911
2014				197,964	377,434	457,165
2015					180,698	331,595
2016						175,451
Total						3,838,478
Total net reserves						$1,049,636

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

The following table represents information on the Company's incurred losses and LAE and cumulative paid losses and LAE, both net of reinsurance, since 2011 for our AmTrust Reinsurance segment. Prior period information is unaudited and is presented as required supplementary information.

AmTrust Reinsurance	Incurred losses and LAE, net of reinsurance						At December 31, 2016
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	Total IBNR
Accident Year:	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
2007	$67,836	$67,204	$ 67,048	$ 70,531	$ 71,857	$72,947	$18
2008	225,656	224,460	224,667	238,357	242,624	246,009	1,445
2009	226,650	238,131	248,792	249,583	252,686	257,829	1,981
2010	279,228	285,118	295,502	302,721	309,161	329,971	3,176
2011	342,577	352,187	367,915	390,325	401,861	406,203	(3,564)
2012		473,294	450,770	480,984	482,833	497,132	(30,776)
2013			648,071	576,404	576,524	611,617	(10,187)
2014				854,667	838,549	844,465	53,727
2015					1,033,505	1,031,258	141,662
2016						1,117,722	518,454
Total						$5,415,153	$675,936

	Cumulative paid losses and LAE, net of reinsurance					
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016
Accident Year:	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
2007	$64,128	$65,545	$ 67,639	$ 70,246	$ 70,109	$71,414
2008	194,344	210,319	219,088	231,095	231,399	234,499
2009	192,446	220,376	232,478	232,364	236,632	242,516
2010	194,566	227,598	252,841	288,261	296,332	312,743
2011	161,926	235,792	278,150	328,710	363,457	373,974
2012		150,495	235,473	354,717	409,910	453,428
2013			213,499	323,134	432,396	504,964
2014				213,565	479,119	610,327
2015					284,147	630,914
2016						255,579
Total						3,690,358
Total net reserves						$1,724,795

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

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

	As at December 31, 2016		
	Total Net Reserves	Reinsurance Recoverables on unpaid claims	Total Gross Reserves
Diversified Reinsurance	$1,049,636	$ 54,299	$1,103,935
AmTrust Reinsurance	1,724,795	32,933	1,757,728
Other	22,129	12,704	34,833
Total claims reserves	$2,796,560	$ 99,936	$2,896,496

b) Claims duration disclosure

The following unaudited supplementary information represents the average annual percentage payout of net loss and LAE by age, net of reinsurance, for both our reportable segments as of December 31, 2016:

	Average annual payout of incurred claims by age, net of reinsurance					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Diversified Reinsurance	35.9%	30.9%	9.7 %	5.6 %	2.5%	2.8%
AmTrust Reinsurance	28.4%	28.0%	14.7%	10.3%	7.7%	1.4%

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

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10. Related Party Transactions

The Founding Shareholders of the Company are Michael Karfunkel, George Karfunkel and Barry Zyskind. Michael Karfunkel passed away on April 27, 2016. Based on each individual's most recent public filing as of December 31, 2016, Leah Karfunkel (wife of Michael Karfunkel) owns or controls approximately 7.9% of the outstanding shares of the Company, Barry Zyskind (the Company's non-executive chairman) owns or controls approximately 7.5% of the outstanding shares of the Company and George Karfunkel owns or controls 2.0% of the outstanding shares of the Company. Leah Karfunkel and George Karfunkel are directors of AmTrust, and Barry Zyskind is the president, CEO and chairman of AmTrust. Leah Karfunkel, George Karfunkel and Barry Zyskind own or control approximately 49.3% of the outstanding shares of AmTrust. AmTrust owns 11.6% of the issued and outstanding shares of National General Holdings Corporation ("NGHC") common stock, and the Michael Karfunkel 2005 Family Trust (which is controlled by Leah Karfunkel) owns 43.0% of the outstanding common shares of NGHC. Barry Zyskind is the non-executive chairman 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 AII retrocedes to Maiden Bermuda an amount equal to 40% of the premium written by subsidiaries of AmTrust, net of the cost of unaffiliated inuring reinsurance and 40% of losses. The Master Agreement further provided that AII receives a ceding commission of 31% of ceded written premiums.

On June 11, 2008, Maiden Bermuda and AII amended the Reinsurance Agreement to add Retail Commercial Package Business to the Covered Business. AII receives a ceding commission of 34.375% on Retail Commercial Package Business.

On July 1, 2016 the agreement was renewed through June 30, 2019. The agreement automatically renews for successive three-year periods thereafter unless AII or Maiden Bermuda elects to so terminate the Reinsurance Agreement by giving written notice to the other party not less than nine months prior to the expiration of any successive three-year period. Either party is entitled to terminate on thirty days' notice or less upon the occurrence of certain early termination events, which include a default in payment, insolvency, change in control of AII or Maiden Bermuda, run-off, or a reduction of 50% or more of the shareholders' equity of Maiden Bermuda or the combined shareholders' equity of AII and the AmTrust subsidiaries.

In 2015, Maiden Bermuda and AII entered into an agreement to commute certain liabilities as of December 31, 2015. The commuted reserve value of $107,000, represents full and final settlement of all liabilities related to this business and as a result of this agreement, this business is no longer being ceded to Maiden Bermuda.

Additionally, for the Specialty Program portion of Covered Business only, AII will be responsible for ultimate net loss otherwise recoverable from Maiden Bermuda to the extent that the loss ratio to Maiden Bermuda, which shall be determined on an inception to date basis from July 1, 2007 through the date of calculation, is between 81.5% and 95%. Above and below the defined corridor, Maiden Bermuda will continue to reinsure losses at its proportional 40% share per the Reinsurance Agreement.

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 ("AEL") and AmTrust International Underwriters Limited ("AIUL"), both wholly owned subsidiaries of AmTrust. Pursuant to the terms of the contract, Maiden Bermuda assumed 40% of the premiums and losses related to policies classified as European Hospital Liability, including associated liability coverages and policies covering physician defense costs, written or renewed on or after April 1, 2011. The contract also covers policies written or renewed on or before March 31, 2011, but only with respect to losses that occur, accrue or arise on or after April 1, 2011. The maximum limit of liability attaching shall be €5,000 (€10,000 effective January 1, 2012) or currency equivalent (on a 100% basis) per original claim for any one original policy. Maiden Bermuda will pay a ceding commission of 5%. The agreement has been renewed through March 31, 2018 and can be terminated at any April 1 by either party on four months notice.

Effective July 1, 2016, the contract was amended such that Maiden Bermuda assumes from AEL 32.5% of the premiums and losses of all policies written or renewed on or after July 1, 2016 until June 30, 2017 and 20% of all policies written or renewed on or after July 1, 2017.

For the year ended December 31, 2016, the Company recorded approximately $590,737 (2015 - $518,196, 2014 - $401,679) of commission expense as a result of both of these quota share arrangements with AmTrust.

MAIDEN HOLDINGS, LTD.
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10. Related Party Transactions (continued)

Other Reinsurance Agreements

Effective September 1, 2010, the Company, through a subsidiary, entered into a quota share reinsurance agreement with Technology Insurance Company, Inc. ("Technology"), a subsidiary of AmTrust. Under the agreement, we ceded (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"). Our involvement is limited to certain states where Technology was not fully licensed. The agreement also provides that we receive a ceding commission of 5% of ceded written premiums.

The OPL program was terminated on December 31, 2011, on a run-off basis, and the NAXS program was terminated on October 31, 2012. We recorded $19 of ceded premiums and $1 ceding commission income for the year ended December 31, 2016 (2015 - $68 and $3, respectively, 2014 - $171 and $8, respectively).

Effective April 1, 2012, the Company, through a subsidiary, entered into a reinsurance agreement with AmTrust's wholly owned subsidiary, AmTrust North America, Inc. ("AmTrust NA"). We 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. This agreement has a term of one year and automatically renews annually unless terminated pursuant to the terms of the agreement. Under this agreement, we recorded approximately $1,139 of net premiums earned and $295 of commission expense for the year ended December 31, 2016 ($673 and $1,241 net premiums earned and $166 and $262 commission expense for the years ended December 31, 2015 and 2014, respectively).

Collateral provided to AmTrust

a) AmTrust Quota Share Reinsurance Agreement

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, or (d) premiums withheld by an AmTrust subsidiary at Maiden Bermuda's request in lieu of remitting such premiums to AII. Maiden Bermuda may provide any or a combination of these forms of collateral, provided that the aggregate value thereof equals Maiden Bermuda's proportionate share of its obligations under the Reinsurance Agreement with AII.

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

•by lending funds in the amount of $167,975 at December 31, 2016 and 2015 pursuant to a loan agreement entered into between those parties. This loan was assigned by AII to AmTrust effective December 31, 2014 and is carried at cost. Interest is payable at a rate equivalent to the one-month LIBOR plus 90 basis points per annum; and

•effective December 1, 2008, the Company entered into a Reinsurer Trust Assets Collateral agreement to provide to AII sufficient collateral to secure its proportional share of AII's obligations to the U.S. AmTrust subsidiaries. The amount of the collateral, at December 31, 2016 was approximately $2,766,032 (2015 - $2,256,383) and the accrued interest was $20,420 (2015 - $15,448). Please refer to "Note 4. (e) Investments" for additional information.

b) European Hospital Liability Quota Share

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

Brokerage Agreement

Effective July 1, 2007, the Company entered into a reinsurance brokerage agreement with AII Reinsurance Broker Ltd. ("AIIB"), a wholly owned subsidiary of AmTrust. Pursuant to the brokerage agreement, AIIB provides brokerage services relating to the Reinsurance Agreement and 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. The agreement may be terminated upon 30 days written notice by either party. Maiden Bermuda recorded approximately $24,146, $21,475 and $17,229 of reinsurance brokerage expense for the years ended December 31, 2016, 2015 and 2014, respectively, and deferred reinsurance brokerage of $14,395 and $13,464 at December 31, 2016 and 2015, respectively, as a result of this agreement.

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10. Related Party Transactions (continued)

Asset Management Agreement

Effective July 1, 2007, the Company entered into an asset management agreement with AII Insurance Management Limited ("AIIM"), a wholly owned subsidiary of AmTrust, pursuant to which AIIM has agreed to provide investment management services to the Company. AIIM provides investment management services for a quarterly fee of 0.0375% if the average value of the account for the previous calendar quarter is greater than $1 billion. The agreement may be terminated upon 30 days written notice by either party. The Company recorded approximately $6,925, $6,057 and $5,214 of investment management fees for the years ended December 31, 2016, 2015 and 2014, respectively, as a result of this agreement.

Other

The Company entered into time sharing agreements for the lease of aircraft owned by AmTrust Underwriters, Inc. ("AUI"), a wholly owned subsidiary of AmTrust, and by AmTrust on March 1, 2011 and November 5, 2014, respectively. The agreements automatically renew for successive one-year terms unless terminated in accordance with the provisions of the agreements. Pursuant to the agreements, the Company will reimburse AUI and AmTrust for actual expenses incurred as allowed by Federal Aviation Regulations. For the year ended December 31, 2016, the Company recorded an expense of $61 (2015- $89, 2014 - $88) for the use of the aircraft.

NGHC

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

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

Maiden Bermuda, effective March 1, 2010, had a 50% participation in the NGHC Quota Share, by which it received 25% of net premiums of the personal lines automobile business and assumed 25% of the related net losses.

On August 1, 2013, the Company received notice from NGHC of the termination of the NGHC Quota Share effective on that date. The Company and NGHC mutually agreed that the termination is on a run-off basis, which means that Maiden Bermuda continued 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. Consequently, Maiden Bermuda recorded no ceding commission expense for the year ended December 31, 2016 (2015 - $nil, 2014 - $6,509) as a result of this transaction.

Other

Effective April 1, 2015, Maiden US renewed the 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, 2015 through March 31, 2016. Maiden US was liable for 100% of the net loss for each covered person per agreement year in excess of the $1,175 retention (each covered person per agreement year). Maiden US' liability did not exceed $8,825 per covered person per agreement year. In addition, Maiden US continued to indemnify extra contractual obligations with a maximum liability of $2,000. This agreement terminated on March 31, 2016 and Maiden US was relieved of all liability hereunder for losses incurred or paid subsequent to such termination date. Under these agreements, Maiden US recorded approximately $157 of premiums earned for the year ended December 31, 2016 (2015 - $443, 2014 - $190).

Effective May 1, 2015, Maiden US entered into an agreement with several NGHC subsidiaries for medical excess of loss programs. This program covers employer aggregate and traditional specific medical stop loss policies underwritten by the Managing General Agent that they support. The NGHC companies covered under the treaty are Integon Indemnity Insurance Company, Integon National Insurance Company and National Health Insurance Company. This agreement was renewed for another year and now terminates on April 30, 2017 with either party having the right to cancel by giving 60 days notice to the other party in the event that other party fails to maintain certain financial and other criteria. Upon expiration of this agreement, coverage remains in full force and effect on all assumed liability for policies in force on the date of expiration until expiration, cancellation or next anniversary date of such subject policies.

The treaty limit of the aggregate medical stop loss is subject to a limit of $4,000 in excess of $1,000 any one insured person. The treaty limit on the traditional specific medical stop loss Layer 1 is subject to a limit of $1,000 in excess of $1,000 any one insured person; Layer 2 is subject to a limit of $3,000 in excess of $2,000 any one insured person and Layer 3 is subject to a limit of $5,000 in excess of $5,000. In addition to these limits, the Company shall cover extra contractual obligations arising under this agreement with a maximum liability of $2,000. Under these agreements, Maiden US recorded approximately $442 of premiums earned for the year ended December 31, 2016 (2015 - $25).

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11. Commitments, Contingencies and Concentrations

a) Concentrations of Credit Risk

At December 31, 2016 and 2015, the Company’s assets where significant concentrations of credit risk may exist include investments, cash and cash equivalents, loan to related party and reinsurance balances receivable.

The Company manages concentration of credit risk in the investment portfolio through issuer and sector exposure limitations. The Company believes it bears minimal credit risk in its cash on deposit. The Company also monitors the credit risk related to the loan to related party and its reinsurance balances receivable, within which the largest balance is due from AmTrust. To mitigate credit risk, we generally have a contractual right of offset thereby allowing us to settle claims net of any premiums or loan receivable. The Company believes these balances will be fully collectible.

b) Concentrations of Revenue

During 2016, our gross premiums written from AmTrust accounted for $2,006,646 or 70.9% of our total gross premiums written (2015 – $1,885,974 or 70.8% and 2014 – $1,610,485 or 64.2%).

c) Brokers

We market our Diversified Reinsurance segment through a combination of third-party intermediaries and directly through our own marketing efforts. For the year ended December 31, 2016, 53.9% (2015 - 54.6%, 2014 - 57.1%) of our Diversified Reinsurance segment's gross premiums written was sourced through brokers. Our top three brokers represented approximately 34.6% of gross premiums written by our Diversified Reinsurance segment for the year ended December 31, 2016 (2015 - 36.9%, 2014 - 31.6%) and is comprised of Aon Benfield Inc. - 13.8% (2015 - 17.3%, 2014 - 15.8%), Marsh & McLennan Companies (including Guy Carpenter) - 11.9% (2015 - 12.2%, 2014 - 12.0%), and Beach & Associates - 8.9% (U.S. RE Corporation - 2015 - 7.4%, Tiger Risk Partners - 2014 - 3.8%).

d) Letters of Credit

At December 31, 2016 and 2015, we had letters of credit outstanding of $76,656 and $76,964, respectively. The letters of credit are for collateral purposes and are secured by cash and fixed maturities with a fair value of $108,786 (2015 - $108,666).

e) Employment agreements

The Company has entered into employment agreements with certain individuals. The employment agreements provide for option awards, executive benefits and severance payments under certain circumstances.

f) Operating Lease Commitments

The Company leases office space, an apartment, equipment and vehicles under operating leases expiring in various years through 2021. The Company's office space lease in Hamilton, Bermuda expires on November 30, 2017, and we have an option to renew for another five years. The Company's total rent expense for the years ended December 31, 2016, 2015 and 2014 was $1,616, $1,984 and $2,220, respectively. Future minimum lease payments at December 31, 2016 under non-cancellable operating leases for the next five years are approximately as follows:

	December 31, 2016
2017	$ 1,366
2018	597
2019	495
2020	337
2021	—
	$ 2,795

g) Unfunded Commitments

The Company has an unfunded commitment on its investment in limited partnerships of approximately $463 at December 31, 2016 (2015 - $622).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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11. Commitments and Contingencies (continued)

h) Other Collateral

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

i) Deposit Insurance

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

j) Legal Proceedings

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

In April 2009, the Company learned that Bentzion S. Turin, the former Chief Operating Officer, General Counsel and Secretary of Maiden Holdings and Maiden Bermuda, sent a letter to the U.S. Department of Labor claiming that his employment with the Company was terminated in retaliation for corporate whistle blowing in violation of the whistle blower protection provisions of the Sarbanes-Oxley Act of 2002. Mr. Turin alleged that he was terminated for raising concerns regarding corporate governance with respect to the negotiation of the terms of the Trust Preferred Securities Offering. He seeks reinstatement as Chief Operating Officer, General Counsel and Secretary of Maiden Holdings and Maiden Bermuda, back pay and legal fees incurred. On December 31, 2009, the U.S. Secretary of Labor found no reasonable cause for Mr. Turin’s claim and dismissed the complaint in its entirety. Mr. Turin objected to the Secretary's findings and requested a hearing before an administrative law judge in the U.S. Department of Labor. The Company moved to dismiss Mr. Turin's complaint, and its motion was granted by the Administrative Law Judge on June 30, 2011.

On July 13, 2011, Mr. Turin filed a petition for review of the Administrative Law Judge's decision with the Administrative Review Board in the U.S. Department of Labor. On March 29, 2013, the Administrative Review Board reversed the dismissal of the complaint on procedural grounds, and remanded the case to the administrative law judge. The administrative hearing began in September 2014. Eleven hearing days have taken place, and we expect the hearings to conclude in late 2017 or early 2018. The Company believes that it had good and sufficient reasons for terminating Mr. Turin's employment and, that the claim is without merit. The Company will continue to vigorously defend itself against this claim.

k) Dividends declared

On November 1, 2016, the Company's Board of Directors authorized the following quarterly dividend:

	Dividend per Share	Payable on:	Record date:
Common shares	$0.15	January 17, 2017	January 3, 2017

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12. Earnings per Common Share

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

For the Year Ended December 31,	2016	2015	2014
Numerator:			
Net income attributable to Maiden	$ 48,980	$ 124,476	$ 101,391
Dividends on preference shares – Series A	(12,375)	(12,375)	(12,375)
Dividends on convertible preference shares – Series B	(8,971)	(11,962)	(11,962)
Dividends on preferences shares – Series C	(12,410)	—	—
Amount allocated to participating common shareholders[1]	(7)	(52)	(94)
Numerator for basic EPS - net income allocated to Maiden common shareholders	15,217	100,087	76,960
Potentially dilutive securities:			
Dividends on convertible preference shares – Series B[2]	—	11,962	—
Numerator for diluted EPS - net income allocated to Maiden common shareholders after assumed conversion	$ 15,217	$ 112,049	$ 76,960
Denominator:			
Weighted average number of common shares – basic	77,534,860	73,478,544	72,843,782
Potentially dilutive securities:			
Share options and restricted share units	1,152,083	1,319,074	1,273,786
Convertible preference shares[2]	—	10,840,617	—
Adjusted weighted average number of common shares and assumed conversions – diluted	78,686,943	85,638,235	74,117,568
Basic earnings per share attributable to Maiden common shareholders:	$ 0.20	$ 1.36	$ 1.06
Diluted earnings per share attributable to Maiden common shareholders:	$ 0.19	$ 1.31	$ 1.04

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

(2) The effect of mandatory convertible preference shares were excluded in the calculation of diluted EPS for the years ended December 31, 2014 and 2016 (for the period that the convertible shares were outstanding) as they were anti-dilutive. On September 15, 2016, the Company's $165,000 mandatory convertible preference shares - Series B were automatically converted into 12,069,090 of the Company's common shares at a conversion rate of 3.6573 per preference share. Please refer to "Note 13. Shareholders' Equity" and "Note 14. Share Compensation and Pension Plans" of the Notes to Consolidated Financial Statements, for the terms and conditions of each of these anti-dilutive instruments.

At December 31, 2016, 24,000 share options (2015 – nil; 2014 – 17,293) were excluded from diluted earnings per common share because they were anti-dilutive.

MAIDEN HOLDINGS, LTD.
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13. Shareholders' Equity

At December 31, 2016, the aggregate authorized share capital of the Company is 150,000,000 shares from which the Company has issued 87,321,012 common shares, of which 86,271,109 common shares are outstanding, and issued 12,600,000 preference shares. The remaining 50,078,988 are undesignated at December 31, 2016.

a) Common Shares

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

For the Year Ended December 31,	2016	2015	2014
Outstanding shares – January 1	73,721,140	72,932,702	72,633,561
Mandatory conversion of preference shares – Series B	12,069,090	—	—
Issuance of vested restricted shares and restricted share units	251,027	378,120	184,396
Shares repurchased[1]	(35,258)	(46,458)	(5,851)
Exercise of options	265,110	456,776	120,596
Outstanding shares – December 31	86,271,109	73,721,140	72,932,702

(1) Shares repurchased were withholdings from employees in respect of tax obligations arising from the vesting of restricted shares and performance based shares. See further details below in item (e).

The Company's common shares have a par value of $0.01 per share. The holders of our common shares are entitled to receive dividends and are allocated one vote per common share, subject to downward adjustment under certain circumstances.

On July 24, 2014, the Board of Directors has approved the repurchase of up to $75,000 of the Company's common shares from time to time at market prices. No share repurchases have taken place to date under this plan.

b) Preference Shares – Series C

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

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

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

The holders of the Preference Shares – Series C have no voting rights other than the right to elect up to two directors if preference share dividends are not declared and paid for six or more dividend periods. For the year ended December 31, 2016, the Company declared and paid dividends on the Preference Shares – Series C of $12,410 (2015 - $nil).

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13. Shareholders’ Equity (continued)

c) Mandatory Convertible Preference Shares – Series B

In October 2013, the Company issued a total of 3,300,000 7.25% Mandatory Convertible Preference Shares – Series B (the "Preference Shares – Series B"), par value $0.01, at a price of $50 per preference share. The Company received net proceeds of $159,675 from the offering after deducting issuance costs of $5,325, which were recognized as a reduction in additional paid-in capital. The Preference Shares – Series B were not redeemable. The authorized number of the Preference Shares – Series B was 3,300,000.
The Company paid cumulative dividends on each of the Preference Shares – Series B at a rate of 7.25% per annum on the initial liquidation preference of $50 per share (equivalent to $3.625 per annum per Preference Share – Series B or $0.90625 per quarter except on the initial payment date which was $0.745139). Dividends accrued and accumulated from the date of issuance and, to the extent that the Company had lawfully available funds to pay dividends and the board of directors declared a dividend payable, it paid dividends quarterly each year commencing on December 15, 2013, up to, and including, September 15, 2016 in cash.
On September 15, 2016, each of the outstanding Preference Share – Series B were automatically converted into 12,069,090 of the Company's common shares at a conversion rate of 3.6573 per preference share based on the volume weighted average price per share of the Company’s common shares over the forty consecutive trading day period beginning on, and including, the forty-second scheduled trading day immediately preceding September 15, 2016 (the "final averaging period"). The mandatory conversion date is the third business day immediately following the last trading day of the final averaging period. For the years ended December 31, 2016, 2015 and 2014 the Company declared and paid dividends on the Preference Shares – Series B of $8,971, $11,962 and $11,962, respectively.

d) Preference Shares - Series A

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

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

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

The holders of the Preference Shares – Series A have no voting rights other than the right to elect up to two directors if preference share dividends are not declared and paid for six or more dividend periods. For each of the years ended December 31, 2016, 2015 and 2014, the Company declared and paid dividends on the Preference Shares - Series A of $12,375.

e) Treasury Shares

On February 19, 2014, the Company repurchased 5,851 shares from employees, at a price per share of $11.18, which represents withholdings from employees in respect of tax obligations on the vesting of restricted shares.

On January 1, 2015, February 19, 2015 and March 5, 2015, the Company repurchased 4,954 shares at a price per share of $12.79, 7,658 shares at a price per share of $14.40 and 33,846 shares at a price per share of $14.21, respectively, from employees, which represent withholdings from employees surrendered in respect of tax obligations on the vesting of restricted shares and performance based shares.

On January 1, 2016, February 15, 2016, February 17, 2016 and March 10, 2016, the Company repurchased 3,351 shares at a price per share of $14.91, 10,255 shares at a price per share of $13.16, 1,183 shares at a price per share of $13.36 and 20,469 shares at a price of $13.16, respectively, from employees, which represent withholdings in respect of tax obligations on the vesting of restricted shares and performance based shares.

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13. Shareholders' Equity (continued)

f) Accumulated Other Comprehensive Income

The following table presents details about amounts reclassified from AOCI:

Details about AOCI Components	Consolidated Statements of Income Line Item that Includes Reclassification	For the Year Ended December 31,		
Unrealized (losses) gains on AFS securities		2016	2015	2014
	Net realized (losses) gains on investment	$(576)	$263	$(3,160)
	Net impairment losses recognized in earnings	—	—	(102)
	Total before tax	(576)	263	(3,262)
	Income tax expense	—	—	(16)
	Total after tax	$(576)	$263	$(3,278)

The following tables set forth financial information regarding the changes in the balances of each component of AOCI for the years ended December 31, 2016, 2015 and 2014:

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

For the Year Ended December 31, 2015	Change in net unrealized gains on investment	Foreign currency translation adjustments	Total
Beginning balance	$78,579	$ 16,665	$95,244
Other comprehensive income before reclassifications	(132,428)	13,566	(118,862)
Amounts reclassified from AOCI to net income, net of tax	(263)	—	(263)
Net current period other comprehensive (loss) income	(132,691)	13,566	(119,125)
Ending balance	(54,112)	30,231	(23,881)
Less: AOCI attributable to noncontrolling interest	—	(114)	(114)
Ending balance, Maiden shareholders	$(54,112)	$ 30,345	$(23,767)

For the Year Ended December 31, 2014	Change in net unrealized gains on	Foreign currency translation adjustments	Total

	investment		
Beginning balance	$ 34,728	$ (8,927)	$25,801
Other comprehensive loss before reclassifications	40,573	25,592	66,165
Amounts reclassified from AOCI to net income, net of tax	3,278	—	3,278
Net current period other comprehensive income	43,851	25,592	69,443
Ending balance	78,579	16,665	95,244
Less: AOCI attributable to noncontrolling interest	—	(49)	(49)
Ending balance, Maiden shareholders	$ 78,579	$ 16,714	$95,293

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MAIDEN HOLDINGS, LTD.
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14. Share Compensation and Pension Plans

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

Share Options

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

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

The key assumptions used in determining the fair value of options granted in 2016, 2015 and 2014 and a summary of the methodology applied to develop each assumption were as follows:

	2016		2015		2014	
Assumptions:						
Volatility	28.70	%	37.60	%	51.40	%
Risk-free interest rate	1.67	%	1.55	%	1.77	%
Weighted average expected lives in years	5.5 years		5.5 years		6.1 years	
Forfeiture rate	1.66	%	2.16	%	3.45	%
Dividend yield rate	3.55	%	4.05	%	3.46	%

Expected Price Volatility — This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. Maiden began trading on May 6, 2008, thus, has a maximum of 8.6 years trading history for estimating historical volatility. Maiden's expected volatility for 2016 of 28.7% was based on the average of the implied volatility and its historical volatility, commensurate with the expected life of the options.

Risk-Free Interest Rate — This is based on the yields on U.S. Treasury constant maturity notes with 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 Codification Topic 14 (SAB 14) to estimate expected lives for options granted during the period as there is insufficient observed option exercise and forfeiture behavior from which to base an estimate of the expected life. 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.

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14. Share Compensation and Pension Plans (continued)

The following table shows all options granted, exercised, expired and exchanged under the Plan for the years ended December 31, 2016, 2015 and 2014:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Grant-Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	Range of Exercise Prices
Outstanding, December 31, 2013	2,439,413	$ 6.76		5.75 years	$ 10,174	$3.28 - $11.22
Granted	45,000	$ 12.01	$ 4.28			$11.38 - $12.42
Exercised	(120,596)	$ 4.91			$ 930	
Forfeited	(842)	$ 7.74				
Outstanding, December 31, 2014	2,362,975	$ 6.95		4.86 years	$ 13,791	$3.28 - $12.42
Granted	24,000	$ 13.98	$ 3.31			$13.98
Exercised	(456,776)	$ 7.27			$ 3,521	
Expired	(3,442)	$ 8.61				
Forfeited	(558)	$ 9.00				
Outstanding, December 31, 2015	1,926,199	$ 6.96		4.15 years	$ 15,306	$3.28 - $13.98
Granted	24,000	$ 13.12	$ 2.45			$13.12
Exercised	(265,110)	$ 7.28			$ 1,453	
Expired	(1,000)	$ 7.67				
Outstanding, December 31, 2016	1,684,089	$ 7.00		3.36 years	$ 17,598	$3.28 - $13.98
Total exercisable at December 31, 2016	1,650,027	$ 6.88		3.22 years	$ 17,433	$3.28 - $13.98

The weighted average grant date fair value was $2.10, $2.13 and $2.11 for all options outstanding at December 31, 2016, 2015 and 2014, respectively. There was $60 (2015 - $125) of total unrecognized compensation cost related to non-vested options at December 31, 2016 which will be recognized during the next 0.60 years. Cash in the amount of $1,931 was received from employees as a result of employee share option exercises during the year ended December 31, 2016 (2015 – $3,318, 2014 – $592). The Company issues new common shares upon the exercise of an option. In connection with these exercises, there was no tax benefit realized by the Company.

Restricted Shares and Share Units

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

Performance-Based Restricted Share Units

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 certain senior leaders of the Company. 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 of our common shares on that date. The grants are performance based which require that certain criteria such as operating return on common equity, underwriting performance, revenue growth and operating expense be met during the performance period to attain a payout. Each metric has a corresponding weighted percentage with a target and maximum level of performance goal set to achieve a payout. All prior, current and future PB-RSUs are paid 50% based on certain criteria stated above, while the other 50% of the payout is based upon the recommendation of the Company's CEO and the Committee's ultimate discretion of individual contribution to business results and strategic success for the performance period. Settlement of the grants can be made in either common shares or cash upon the decision of the Committee and the performance cycles are for three years.

Effective February 18, 2014, February 17, 2015 and February 15, 2016, the Committee approved the award of PB-RSUs to certain senior leaders of the Company for the fiscal years 2014-2016, 2015-2017 and 2016-2018, respectively.

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14. Share Compensation and Pension Plans (continued)

CEO Non-Performance-Based Restricted Share Units

On February 19, 2013, the Committee approved an award of NPB-RSUs to the Company's CEO with one-third automatically vested on February 19, 2014, a further one-third automatically vested on February 19, 2015, and the final one-third automatically vested on February 19, 2016. The total fair value of the share units vested for the year ended December 31, 2016 was $500 (2015 - $500, 2014 - $500).

On February 18, 2014, the Committee approved an award of NPB-RSUs to the Company's CEO with one-third automatically vested on December 31, 2014, December 31, 2015 and December 31, 2016, respectively. The total fair value of the share units vested for the year ended December 31, 2016 was $268 (2015 - $266, 2014 - $266).

On February 17, 2015, the Committee approved an award of NPB-RSUs to the Company's CEO with one-third automatically vested on February 17, 2016, one third will automatically vest on February 17, 2017 and the final one-third will automatically vest on February 17, 2018. The total fair value of the share units vested for the year ended December 31, 2016 was $300.

On February 16, 2016, the Committee approved an award of NPB-RSUs to the Company's CEO with one-third automatically vest on February 16, 2017, a further one third automatically vest on February 16, 2018 and the final one-third will automatically vest on February 16, 2019.

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 certain senior leaders of the Company. 50% of which vested on the first anniversary of the grant date, with an additional 50% due to vest on the second anniversary of the grant date. The total fair value of restricted shares which vested during the years ended December 31, 2015 and 2014 was $479 and $479, respectively.

On February 18, 2014, pursuant to the Plan, the Committee approved an award of NPB-RSs to non-CEO named executive officers and senior leaders of the Company, 50% of which will vest on January 1, 2015, with an additional 50% due to vest on January 1, 2016. The total fair value of restricted shares which vested during the year ended December 31, 2016 was $219 (2015 - $219).

On February 17, 2015 and March 18, 2015, pursuant to the Plan, the Committee approved an award of NPB-RSs to non-CEO named executive officers and senior leaders of the Company, with some vesting over 2 years and some vesting over 3 years from the date of grant. The total fair value of restricted shares which vested during the year ended December 31, 2016 was $209.

On February 15, 2016 and February 23, 2016, pursuant to the Plan, the Committee approved an award of NPB-RSs to non-CEO named executive officers and senior leaders of the Company, which will vest over 2 years.

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14. Share Compensation and Pension Plans (continued)

The following schedule shows the summary of activity under the Company's restricted awards:

	CEO Non-Performance-Based Restricted Share Units		Non-CEO Non-Performance-Based Restricted Shares		Performance Based Restricted Share Units(1)	
	Number of Restricted Units	Weighted Average Grant-Date Fair Value	Number of Restricted Shares	Weighted Average Grant-Date Fair Value	Number of Restricted Units	Weighted Average Grant-Date Fair Value
Non-vested December 31, 2013	149,701	$ 10.02	95,590	$ 10.02	753,862	$ 9.21
Awards granted	70,298	$ 11.38	38,522	$ 11.38	396,672	$ 11.38
Awards vested	(73,333)	$ 10.45	(47,795)	$ 10.02	(100,308)	$ 8.56
Awards forfeited	—	$ —	—	$ —	(242,456)	$ 8.56
Non-vested at December 31, 2014	146,666	$ 10.45	86,317	$ 10.63	807,770	$ 10.51
Awards granted	64,795	$ 13.89	38,180	$ 13.94	291,730	$ 13.89
Awards vested	(73,333)	$ 10.45	(67,061)	$ 10.41	(188,681)	$ 9.54
Awards forfeited	—	$ —	(4,284)	$ 11.38	(165,337)	$ 10.61
Non-vested at December 31, 2015	138,128	$ 12.07	53,152	$ 13.22	745,482	$ 12.05
Awards granted	75,988	$ 13.16	23,000	$ 12.90	355,544	$ 13.11
Awards vested	(94,931)	$ 11.24	(29,949)	$ 12.67	(85,847)	$ 12.29
Awards forfeited	—	$ —	—	$ —	(169,458)	$ 10.02
Non-vested at December 31, 2016	119,185	$ 13.42	46,203	$ 13.42	845,721	$ 12.88

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

There was $1,048 and $310 of total unrecognized compensation cost related to RSUs and restricted shares at December 31, 2016, both of which will be recognized during the next 1.81 years and 1.08 years, respectively. Total share-based expense for the years ended December 31, 2016, 2015 and 2014, was $3,414, $2,938 and $3,334, respectively.

Pension Plans

The Company provides pension benefits to eligible employees principally through various defined contribution plans sponsored by the Company which vary by subsidiary. The Company’s expenses for its defined contribution plans were $2,805, $2,623 and $2,809 for the years ended December 31, 2016, 2015 and 2014, respectively.

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MAIDEN HOLDINGS, LTD.
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15. Statutory Requirements and Dividend Restrictions

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

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

	Maiden Bermuda	Maiden US	Maiden LF
Statutory Capital and Surplus			
December 31, 2016	$1,470,206	$296,550	$8,101
December 31, 2015	1,813,766	294,338	7,621
Statutory Net Income (Loss)			
For the Year Ended December 31, 2016	$87,888	$(3,926)	$756
For the Year Ended December 31, 2015	146,027	17,439	(199)
For the Year Ended December 31, 2014	60,016	16,614	651

At December 31, 2016, the Company's net assets were $1,361,152 (2015 - $1,349,099), of which $1,042,473 (2015 - $724,480) were restricted primarily as a result of solvency and liquidity requirements imposed on the Company's subsidiaries by local regulators as well as collateral requirements under various reinsurance agreements.

a) Bermuda

The Bermuda Monetary Authority ("BMA") is the group supervisor of the Company and has advised that Maiden Bermuda is the designated insurer. These regulations require that a group’s available statutory capital and surplus should be equal to or exceed the value of both its Minimum Solvency Margin ("MSM") and the Enhanced Capital Requirement ("ECR"). The Company has complied with its regulatory capital requirements at December 31, 2016.

Maiden Bermuda is registered as a Class 3B reinsurer under The Insurance Act 1978 (Bermuda), amendments thereto and related regulations (the "Insurance Act") and is required to prepare and file Statutory Financial Statements and a Statutory Financial Return with the BMA. The Statutory Financial Statements are prepared in a consolidated basis in line with U.S. GAAP. There are some differences between financial statements prepared in accordance with U.S. GAAP and those prepared on a statutory basis. Certain assets are non-admitted under Bermuda regulations and are removed from the statutory balance sheet.

Under the Insurance Act, Maiden Bermuda is required to maintain a minimum share capital of $120 and a minimum statutory capital and surplus equal to or greater than the MSM and the value of the ECR. The available statutory economic capital is based on Economic Balance sheet valuation principles, where the consolidated assets and liabilities are fair-valued in line with the GAAP principles adopted by the insurer. ECR is equal to the higher of Maiden Bermuda’s MSM or to the Bermuda Solvency Capital Requirement (“BSCR”) model. The BSCR employs a standard mathematical model that correlates the risk underwritten to the capital that is dedicated to the business. The regulatory requirements are designed to have insurers operate at or above a threshold capital level, which exceeds the BSCR. The BMA has established a target capital level ("TCL") for each Class 3B insurer equal to 120% of its ECR which serves as an early warning tool for the BMA and failure to maintain statutory capital of at least equal to the TCL will likely result in increased BMA regulatory oversight.

Class 3B and 4 insurers and insurance groups are required to maintain statutory economic capital and surplus (“Economic Capital”) for determination of regulatory available capital in accordance with a ‘3 tiered capital regime’. All capital instruments are classified as either basic or ancillary capital which in turn are classified into one of three tiers (Tiers 1, 2 and 3) based on their “loss absorbency” characteristics. Under this regime, there are limits of Tier 1, Tier 2 and Tier 3 capital which may be used to satisfy the Class 3B and 4 insurers’ and Group’s MSM and ECR requirements.

The Company has received approval for certain capital instruments as other fixed capital. In June 2016, the Company issued $110,000 2016 Senior Notes maturing in 2046. The BMA approved the 2016 Senior Notes as Tier-3 ancillary capital to be grandfathered under Section 21 paragraph 10 of the Group Rules until January 1, 2026 as the 2016 Senior Notes do not meet the requirement that coupon payment on the instrument be cancellable or deferrable indefinitely upon breach (or if it would cause breach) in the ECR. The Group’s ECR shall be subject to a regulatory capital add-on comprising three years of coupon payments on the 2016 Senior Notes amounting to $21,863.

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15. Statutory Requirements and Dividend Restrictions (continued)

The BSCR for Maiden Bermuda for the year ended December 31, 2016 will not be filed with the BMA until April 2017. As a result, the required statutory capital and surplus as at December 31, 2016, as set out above, is based on the MSM, whereas the required statutory capital and surplus as at December 31, 2015 is based on the MSM and ECR.

The statutory capital and surplus of Maiden Bermuda at December 31, 2016 was $1,470,206 (2015 - $1,813,766) and the amount required to be maintained was $343,728 at December 31, 2016 (2015 - $905,369). Maiden Bermuda is also required to maintain a minimum liquidity ratio. All requirements were met by Maiden Bermuda throughout the period.

Maiden Bermuda is prohibited from declaring or paying dividends of more than 25% of its total statutory capital and surplus, as shown in its previous financial year statutory balance sheet, unless at least seven days before payment of the dividends it files with the BMA an affidavit that it will continue to meet its minimum capital requirements as described above. In addition, Maiden Bermuda must obtain the BMA’s prior approval before reducing its total statutory capital, as shown in its previous financial year statutory balance sheet, by 15% or more. Maiden Bermuda is also restricted in paying dividends that would result in Maiden Bermuda failing to comply with the ECR as calculated based on the BSCR or cause Maiden Bermuda to fail to meet its relevant margins. As at December 31, 2016, Maiden Bermuda is allowed to pay dividends or distributions not exceeding $453,442. During the year ended December 31, 2016, dividends from Maiden Bermuda to Maiden Holdings, Ltd. were $445,000 (2015 - $nil).
b) United States

Maiden US files financial statements in accordance with statutory accounting practices ("SAP") prescribed or permitted by state insurance regulatory authorities. The minimum statutory capital and surplus necessary to satisfy regulatory requirements for Maiden US for the year ended December 31, 2016 was $86,646 (2015 - $78,100). These requirements were met by Maiden US throughout the year ended December 31, 2016. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the company's state of domicile, Missouri to the greater of 10% of statutory policyholders’ surplus at the preceding December 31, or net income, less net realized capital gain on investments, for the 12-month period ending December 31 of the preceding year. Additionally, Maiden US may only pay dividends if it has positive unassigned funds. Accordingly, the maximum dividend payments that can be made to shareholders in the next year without prior approval by the Missouri Department of Insurance is $nil.

c) Sweden

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

Maiden LF was required to maintain a minimum level of statutory capital and surplus of $3,891 at December 31, 2016 (2015 - $4,019). This requirement was met by Maiden LF throughout the year. Maiden LF is subject to statutory and regulatory restrictions under the Swedish FSA that limit the maximum amount of annual dividends or distributions paid by Maiden LF to Maiden Holdings. At December 31, 2016, Maiden LF is allowed to pay dividends or distributions not exceeding $2,843 (2015 - $2,178).

Maiden GF was granted a general insurance license effective September 14, 2016 with an approved level of initial statutory capital and surplus of $6,135. Maiden GF wrote no business in 2016 as such, its first filing with the Swedish FSA will be for the period ending December 31, 2017.

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16. Taxation

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

Our U.S. subsidiaries are subject to federal, state and local corporate income taxes and other taxes applicable to U.S. corporations. The provision for federal income taxes has been determined under the principles of the consolidated tax provisions of the U.S. Internal Revenue Code and Regulations. Should our U.S. subsidiaries pay a dividend outside the U.S. group, withholding taxes will apply. During 2015 the Internal Revenue Service completed its audit of our U.S. subsidiaries for tax years 2009, 2010 and 2011. The audit has been closed without any impact on our operations. Tax years 2012, 2013, 2014 and 2015 are not under examination but remain subject to examination in the U.S.

The Company has subsidiary operations in various other locations around the world, including Australia, Austria, Germany, Ireland, Netherlands, Russia, Sweden and the U.K., that are subject to relevant taxes in those jurisdictions. These subsidiaries, are not under examination, but generally remain subject to examination in all applicable jurisdictions for tax years from 2012 through 2015.

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

There were no unrecognized tax benefits at December 31, 2016, 2015 and 2014. Income before taxes and income tax expense for the years ended December 31, 2016, 2015 and 2014 was as follows:

For the Year Ended December 31,	2016	2015	2014
Income before income taxes – Domestic (Bermuda)	$67,881	$134,012	$117,780
Loss before income taxes – Foreign (U.S. and others)	(18,169)	(7,690)	(14,083)
Total income before income taxes	$49,712	$126,322	$103,697
Current tax expense – Domestic (Bermuda)	$—	$—	$—
Current tax expense – Foreign (U.S. and others)	490	780	945
Total current tax expense	490	780	945
Deferred tax expense – Domestic (Bermuda)	—	—	—
Deferred tax expense – Foreign (U.S. and others)	1,084	1,258	1,219
Total deferred tax expense	1,084	1,258	1,219
Total income tax expense	$1,574	$2,038	$2,164

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16. Taxation (continued)

The following table is a reconciliation of the actual income tax rate for the years ended December 31, 2016, 2015 and 2014 to the amount computed by applying the effective tax rate of 0.0% under Bermuda law to income before income taxes:

For the Year Ended December 31,	2016	2015	2014
Income before income taxes	$49,712	$126,322	$103,697
Income tax expense	1,574	2,038	2,164
Net income	$48,138	$124,284	$101,533
Reconciliation of effective tax rate (% of income before income taxes)			
Bermuda tax rate	— %	— %	— %
U.S. taxes at statutory rates	(10.8)%	(2.2)%	(7.3)%
Valuation allowance in respect of U.S. taxes	13.2 %	3.2 %	8.5 %
Other jurisdictions	0.8 %	0.6 %	0.9 %
Actual tax rate	3.2 %	1.6 %	2.1 %

Deferred income taxes reflect the tax impact of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. The significant components of our deferred tax assets and liabilities at December 31, 2016 and 2015 were as follows:

December 31,	2016	2015
Deferred tax assets:		
Net operating losses	$63,143	$60,147
Unearned premiums	11,336	9,459
Discounting of net loss and LAE reserves	12,091	11,756
Net unrealized losses on investments	—	4,374
Accruals not currently deductible	160	109
Amortization of intangibles	2,439	2,796
OTTI	1,198	1,198
Others	3,289	543
Deferred tax assets before valuation allowance	93,656	90,382
Valuation allowance	78,300	78,845
Deferred tax assets, net	15,356	11,537
Deferred tax liabilities:		
Deferred commission and other acquisition expenses	11,826	10,664
Indefinite lived intangible	1,750	1,750
Amortization of goodwill	9,480	8,319
Net unrealized gains on investment	2,713	—
Others	730	866
Deferred tax liabilities	26,499	21,599
Net deferred tax liability	$11,143	$10,062

The net deferred tax liability at December 31, 2016 was $11,143 (2015 - $10,062). A valuation allowance has been established against the net U.S. deferred tax assets which is primarily attributable to net operating losses, unearned premium and loss reserve discounting. At this time, we believe it is necessary to establish a valuation allowance against the net deferred tax assets due to insufficient positive evidence regarding the utilization of these losses. During

2016, the Company recorded a decrease in the valuation allowance of $545 (2015 - increase of $13,102). At December 31, 2016, the Company has an available U.S. net operating loss carry-forward of approximately $180,408 (2015 - $171,848) for income tax purposes which expires beginning in 2029.

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17. Subsequent Events

Dividends

On February 21, 2017, the Company's Board of Directors authorized the following quarterly dividends:

	Dividend per Share	Payable on:	Record date:
Common shares	$0.15	April 17, 2017	April 3, 2017
Preference shares – Series A	$0.515625	March 15, 2017	March 1, 2017
Preference shares – Series C	$0.445313	March 15, 2017	March 1, 2017

18. Condensed Quarterly Financial Data — Unaudited

The following tables summarize our quarterly financial data:

2016 Quarters Ended	March 31	June 30	September 30	December 31[1]
Total revenues	$659,414	$674,746	$738,189	$659,284
Net income (loss)	36,829	39,887	40,796	(69,374)
Net income (loss) attributable to Maiden common shareholders	27,216	30,910	31,829	(74,731)
Comprehensive income (loss) – attributable to Maiden	130,130	89,389	45,802	(177,577)
Basic earnings (loss) per common share attributable to Maiden common shareholders [2]	$0.37	$0.42	$0.42	$(0.87)
Diluted earnings (loss) per common share attributable to Maiden common shareholders [2]	$0.35	$0.39	$0.40	$(0.87)

2015 Quarters Ended	March 31	June 30	September 30	December 31
Total revenues	$611,427	$647,071	$693,696	$620,917
Net income	38,534	26,511	28,515	30,724
Net income attributable to Maiden common shareholders	32,405	20,519	22,499	24,716
Comprehensive income (loss) – attributable to Maiden	50,694	(39,962)	10,658	(15,974)
Basic earnings per common share attributable to Maiden common shareholders	$0.44	$0.28	$0.31	$0.34
Diluted earnings per common share attributable to Maiden common shareholders	$0.41	$0.27	$0.30	$0.32

(1) During the fourth quarter of 2016, following the receipt of updated information during the Company's reserving process and in response to a very challenging commercial auto market, the Company increased the reserve for loss and LAE in both our Diversified Reinsurance and AmTrust Reinsurance segments as well as our NGHC run-off business. The Company recorded unfavorable reserve development which reduced its net income, net income attributable to Maiden common shareholders and comprehensive income during the three months ended December 31, 2016 by approximately $120,426 or $1.40 per basic common share and $1.39 per diluted common share.

(2) Basic earnings (loss) per common share attributable to Maiden common shareholders and diluted earnings (loss) per common share attributable to Maiden common shareholders is calculated as a function of average shares

issued, or dilutive, during the respective period.

The effect of mandatory convertible preference shares were excluded in the calculation of diluted EPS for the year ended December 31, 2016 (for the period that the convertible shares were outstanding) as they were anti-dilutive however they were dilutive in each of the first three quarters of 2016 until their mandatory conversion to common shares on September 15, 2016. Please refer to "Note 12. Earnings per Common Share" for further details.

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

December 31, 2016	Amortized Cost(1)	Fair Value	Amount at Which Shown in the Balance Sheet
AFS fixed maturities:			
U.S. treasury bonds	$5,186	$5,413	$5,413
U.S. agency bonds – mortgage-backed	1,720,436	1,716,038	1,716,038
U.S. agency bonds – other	18,082	18,102	18,102
Non-U.S. government and supranational bonds	35,158	29,934	29,934
Asset-backed securities	217,232	220,876	220,876
Corporate bonds	1,947,347	1,916,205	1,916,205
Municipal bonds	62,201	65,098	65,098
Total AFS fixed maturities	4,005,642	3,971,666	3,971,666
HTM fixed maturities:			
Corporate bonds	752,212	766,135	752,212
Total HTM fixed maturities	752,212	766,135	752,212
Other investments	10,057	13,060	13,060
Total investments	$4,767,911	$4,750,861	$4,736,938

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

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Schedule II
MAIDEN HOLDINGS, LTD.
CONDENSED BALANCE SHEETS — PARENT COMPANY
As of December 31, 2016 and 2015
(In thousands of U.S. dollars, except share and per share data)

	2016	2015
Assets		
Fixed maturities, available-for-sale, at fair value (Amortized cost 2016: $16,220; 2015: $42,774)	$16,363	$40,189
Other investments, at fair value (Cost 2016: $4,752; 2015: $5,000)	6,586	4,905
Cash and cash equivalents	16,677	3,606
Investment in subsidiaries	1,555,857	1,736,707
Balances due from subsidiaries	73,414	120,100
Other assets	7,220	1,123
Total assets	$1,676,117	$1,906,630
Liabilities		
Accrued expenses and other liabilities	$14,478	$12,217
Balances due to subsidiaries	194,536	546,592
Senior notes		
Principal amount	110,000	—
Less unamortized debt issuance costs	3,694	—
Senior notes, net	106,306	—
Total liabilities	315,320	558,809
Shareholders' equity		
Preference shares	315,000	480,000
Common shares ($0.01 par value; 87,321,012 and 74,735,785 shares issued in 2016 and 2015, respectively; 86,271,109 and 73,721,140 shares outstanding in 2016 and 2015, respectively)	873	747
Additional paid-in capital	749,256	579,178
Accumulated other comprehensive income (loss)	14,997	(23,767)
Retained earnings	285,662	316,184
Treasury shares, at cost (1,049,903 and 1,014,645 shares in 2016 and 2015, respectively)	(4,991)	(4,521)
Total shareholders' equity	1,360,797	1,347,821
Total liabilities and shareholders' equity	$1,676,117	$1,906,630

Schedule II
MAIDEN HOLDINGS, LTD.
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME — PARENT COMPANY
For the Years Ended December 31, 2016, 2015 and 2014
(In thousands of U.S. dollars)

For the Year Ended December 31,	2016	2015	2014
Revenues			
Net investment income	$1,693	$2,034	$4,892
Net realized gains on investment	1,990	20	981
Other fee revenue	—	1,321	—
	3,683	3,375	5,873
Expenses			
General and administrative expenses	17,008	16,319	14,588
Interest and amortization expenses	3,988	—	—
Foreign exchange and other losses	1,371	668	893
	22,367	16,987	15,481
Loss before equity in earnings of consolidated subsidiaries	(18,684)	(13,612)	(9,608)
Equity in earnings of consolidated subsidiaries	67,664	138,088	110,999
Net income	48,980	124,476	101,391
Dividends on preference shares	(33,756)	(24,337)	(24,337)
Net income attributable to Maiden common shareholders	$15,224	$100,139	$77,054
Comprehensive income attributable to Maiden	$87,744	$5,416	$170,900

Schedule II
MAIDEN HOLDINGS, LTD.
CONDENSED STATEMENTS OF CASH FLOWS — PARENT COMPANY
For the Years Ended December 31, 2016, 2015 and 2014
(In thousands of U.S. dollars)

For the Year Ended December 31,	2016	2015	2014
Cash flows provided by operating activities			
Net income	$48,980	$124,476	$101,391
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in earnings of consolidated subsidiaries	(67,664)	(138,088)	(110,999)
Amortization of bond premium and discount	207	222	414
Net realized gains on investment	(1,990)	(20)	(981)
Foreign exchange and other losses	1,371	668	893
Non-cash share compensation expense	3,414	2,938	3,334
Changes in assets – (increase) decrease:			
Balance due from subsidiaries	(7,222)	(20,930)	(87,605)
Other assets	(125)	237	536
Changes in liabilities – increase (decrease)			
Accounts payable and accrued liabilities	(216)	12	(138)
Balances due to subsidiaries	84,504	49,162	120,069
Net cash provided by operating activities	61,259	18,677	26,914
Cash flows used in investing activities			
Purchases of fixed-maturities – available-for-sale	(16,203)	—	(1,340)
Purchases of other investments	—	—	(5,000)
Proceeds from sales of fixed-maturities – available-for-sale	44,475	1,041	87,032
Proceeds from maturities and calls of fixed maturities	—	—	6,857
Proceeds from sales of other investments	350	—	—
Investment in subsidiaries	(107,546)	(122,757)	(84,740)
Net cash (used in) provided by investing activities	(78,924)	(121,716)	2,809
Cash flows used in financing activities			
Senior notes, net of issuance costs	106,285	—	—
Preference shares issuance, net of issuance costs	(143)	159,628	—
Dividends paid – preference shares	(33,756)	(24,337)	(24,337)
Dividends paid – Maiden common shareholders	(43,127)	(38,204)	(32,079)
Issuance of common shares	1,931	3,318	592
Repurchase of common shares	(470)	(654)	(66)
Net cash provided by (used in) financing activities	30,720	99,751	(55,890)
Effect of exchange rate changes on foreign currency cash	16	—	—
Net increase (decrease) in cash and cash equivalents	13,071	(3,288)	(26,167)
Cash and cash equivalents, beginning of year	3,606	6,894	33,061
Cash and cash equivalents, end of year	$16,677	$3,606	$6,894

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

	December 31, 2016			For the Year Ended December 31, 2016					
	Deferred commission and other acquisition expenses	Reserve for loss and loss adjustment expenses	Unearned premiums	Net premiums earned	Net investment income	Net loss and LAE	Amortization of deferred commission and other acquisition expenses	General and admin. expenses	Net premiums written
Diversified Reinsurance	$85,432	$1,103,936	$323,873	$724,124	$—	$579,520	$188,506	$35,681	$766,119
AmTrust Reinsurance	339,173	1,757,728	1,151,633	1,843,621	—	1,225,830	584,820	2,896	1,888,428
Total - Reportable Segments	424,605	2,861,664	1,475,506	2,567,745	—	1,805,350	773,326	38,577	2,654,547
Other	—	34,832	—	405	145,892	14,556	338	28,407	405
Total	$424,605	$2,896,496	$1,475,506	$2,568,150	$145,892	$1,819,906	$773,664	$66,984	$2,654,952

	December 31, 2015			For the Year Ended December 31, 2015					
	Deferred commission and other acquisition expenses	Reserve for loss and loss adjustment expenses	Unearned premiums	Net premiums earned	Net investment income	Net loss and LAE	Amortization of deferred commission and other acquisition expenses	General and admin. expenses	Net premiums written
Diversified Reinsurance	$80,012	$1,046,471	$277,460	$744,875	$—	$547,296	$196,292	$35,312	$734,781
AmTrust Reinsurance	317,536	1,420,418	1,077,112	1,684,191	—	1,074,072	527,863	3,016	1,779,334
Total - Reportable Segments	397,548	2,466,889	1,354,572	2,429,066	—	1,621,368	724,155	38,328	2,514,115
Other	—	43,212	—	3	131,092	12,202	42	26,544	1
Total	$397,548	$2,510,101	$1,354,572	$2,429,069	$131,092	$1,633,570	$724,197	$64,872	$2,514,116

	December 31, 2014			For the Year Ended December 31, 2014					
	Deferred commission and other acquisition expenses	Reserve for loss and loss adjustment expenses	Unearned premiums	Net premiums earned	Net investment income	Net loss and LAE	Amortization of deferred commission and other acquisition expenses	General and admin. expenses	Net premiums written

Diversified Reinsurance	$87,289	$1,058,924	$293,893	$854,026	$—	$579,771	$233,711	$38,858	$850,049
AmTrust Reinsurance	285,232	1,122,479	913,861	1,378,327	—	893,502	418,908	2,533	1,610,485
Total - Reportable Segments	372,521	2,181,403	1,207,754	2,232,353	—	1,473,273	652,619	41,391	2,460,534
Other	(34)	89,889	3	19,390	117,215	24,998	6,696	21,167	(2,398)
Total	$372,487	$2,271,292	$1,207,757	$2,251,743	$117,215	$1,498,271	$659,315	$62,558	$2,458,136

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

For the Year Ended December 31,	(a) Gross	(b) Ceded to other companies	(c) Assumed from other companies	(d) Net amount (a) - (b) + (c)	Percentage of amount to net (c)/(d)	
2016 Premiums – General Insurance	$ 8,045	$ 176,396	$ 2,823,303	$ 2,654,952	106.3	%
2015 Premiums – General Insurance	9,160	148,710	2,653,666	2,514,116	105.6	%
2014 Premiums – General Insurance	48,565	49,216	2,458,787	2,458,136	100.0	%

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

For the Year Ended December 31,	Net loss and LAE Current Year	Net loss and LAE Prior Year	Paid loss and LAE
2016	$1,600,454	$219,452	$1,437,591
2015	1,558,704	74,866	1,350,357
2014	1,479,425	18,846	1,135,791

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