

## ► Business Description

### Our Bermuda Connection

AmerInst Insurance Group, Ltd. is a holding company, which was originally incorporated in the United States and has been domiciled in Bermuda since 1998. As one of the top reinsurance markets in the world, Bermuda provides the Company with easy access to resources, specialists and services that are unmatched in other locations.

Our Company continues to evolve, deriving revenue from the services APSL provides and from our traditional activities as a reinsurer.



**Historically**, the primary business activity of our wholly owned insurance company subsidiary, AmerInst Insurance Company, Ltd. (AMIC) was to act as a reinsurer of professional liability insurance policies. Our reinsurance activity depends upon agreements with outside parties. Currently, we have an agreement with certain insurance companies of Crum & Forster Holdings Corp. (C&F) in conjunction with our subsidiary, AmerInst Professional Services, Ltd. (APSL).

APSL delivers marketing, underwriting, application and other services to insureds and C&F's insurance companies. It also creates a streamlined direct-to-insured capability that will make it easier for targeted small to mid-sized firms to obtain better professional liability coverage for less. AmerInst Insurance Company, Ltd. provides reinsurance to C&F insurance companies for this book of professional liability business. This business venture is in line with AmerInst's mission of providing financial protection to future generations of professional services firms.

When our new arrangement became effective in September 2009, AmerInst Insurance Company, Ltd. also entered into a professional liability reinsurance quota share agreement with C&F. This agreement

covers certain other liabilities that arise from the handling of any claim covered under the reinsurance agreement. As a result, AmerInst has two revenue streams: one from the services APSL provides and another from AmerInst Insurance Company's traditional activities as a reinsurer. In addition, AmerInst has the advantage of being the primary contact for these customers.

For more details about these agreements, please review our latest annual report and SEC filings.

### THIRD PARTY MANAGERS AND SERVICE PROVIDERS

Cedar Management Limited provides the day-to-day services necessary for the administration of our business. Effective July 1, 2008, USA Risk Group (Bermuda) Ltd., our former manager, acquired a majority interest in Cedar Management Limited, a Bermuda based captive manager. Following the acquisition, the business operations of USA Risk Group (Bermuda) Ltd. and Cedar Management Limited were combined and operate as Cedar Management Limited. Shareholder services are conducted by USA Risk Group of Vermont, Inc., an affiliate of Cedar Management Limited.

The Country Club Bank of Kansas City, Missouri, provides portfolio management of fixed-income securities and directs our investments pursuant to guidelines approved by us. Harris Associates L.P., and Harris Alternatives Investment Group provide discretionary investment advice with respect to our equity investments. We have retained Milliman, an independent casualty actuarial consulting firm, to render advice regarding actuarial matters.

### REGULATION

AmerInst is domiciled in Bermuda and subject to regulation under the insurance laws, including the insurance holding company law of Bermuda. AMIC is required to file statutory statements and is subject to statutory restrictions concerning the types and quality of investments and the size and risks that it may insure. Additionally, AMIC is subject to financial examinations by the Bermuda Department of Insurance. ▲



**AmerInst Insurance Group, Ltd.**

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