

**AMERINST INSURANCE GROUP, LTD.  
CHARTER FOR THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Organization**

The Audit Committee of AmerInst Insurance Group, Ltd. (“AmerInst” or the “Company”) shall consist of not fewer than two (2) members of the Board of Directors of AmerInst (the “Board”), and not more than four (4) members of the Board.

The members of the Audit Committee shall be designated by the Board from time to time, in accordance with the following requirements.

- All of the members of the Audit Committee shall be independent directors as that term is defined under the Nasdaq Marketplace Rules.
- No director who is an employee or officer of the Company or any of its subsidiaries or who is an employee of AmerInst’s management company (the “Management Company”) shall be a member of the Audit Committee, and no other director who has a substantial business or other relationship with the Company or any of its subsidiaries or the Management Company which could materially interfere with the exercise of such director’s independent judgment shall be a member of the Audit Committee.
- No Audit Committee member shall accept any consulting, advisory or other compensatory fee from the Company or any of its affiliates or the Management Company, other than in the member’s capacity as a member of the Board or any Board committee.
- No Audit Committee member shall be an affiliate (as defined in Rule 10A-3 under the Securities Exchange Act of 1934 (the “Exchange Act”)) of the Company or any subsidiary of the Company or the Management Company, apart from his or her capacity as a member of the Board and any Board committee.
- All of the members of the Audit Committee shall have a sufficient understanding of financial reporting and internal controls to understand and oversee those matters, including, sufficient financial sophistication to read and understand financial statements, including a company’s balance sheet, income statement and cash flow statement.
- At least one member of the Audit Committee shall possess, in the judgment of the Board, experience and expertise in accounting and finance sufficient to be determined by the Board to be an Audit Committee financial expert under Item 407 of Regulation S-K of the Exchange Act.

**Statement of Policy**

The Audit Committee shall provide assistance to the directors of the Company to help them fulfill their oversight responsibilities relating to corporate accounting, reporting practices of the Company, the quality and integrity of the financial reports of the Company, the independence and qualifications of the Company's independent auditors, the performance of the Company's internal audit function and independent auditors, and the Company's compliance with legal and regulatory requirements. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the Internal Accountants and the Management. "Internal Accountant" shall mean anyone at the Company or at the Management Company who performs accounting duties for the Company. "Management" shall mean the management of the Company, including anyone at the Management Company who performs management duties for the Company.

In carrying out its responsibilities, the Audit Committee's policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

It is not the duty of the Audit Committee to assist the directors of the Company in the preparation of financial reports generated solely for internal use by the Company or any of its subsidiaries or to review such reports for completeness and accuracy.

### **General Responsibilities**

The Audit Committee shall assist the Board by monitoring and reviewing the financial reporting process and the internal controls of the Company and its subsidiaries. The Audit Committee shall review:

- the scope and results of the audit of the Company and its subsidiaries and the cost effectiveness of the audit;
- the timeliness and soundness of financial reporting by the Company,
- the responsibilities of the Company's independent auditors and their independence and objectivity; and
- the responsibilities of the Internal Accountants.

### **Specific Responsibilities**

Subject to the requirement under the Bermuda Companies Act that the shareholders of the Company appoint the Company's independent auditors, the Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors and, when appropriate, the replacement of the independent auditors selected to audit the financial statements of the Company and its subsidiaries. The Audit Committee shall make any recommendation or nomination to be made by the Company or its directors to shareholders with respect to the appointment of the independent auditors. The independent auditors shall report directly to the Audit Committee.

The Audit Committee shall meet with the independent auditors and the Management to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion of the audit review the audit, including any comments or recommendations of the independent auditors.

The Audit Committee shall be responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm shall also report directly to the Audit Committee.

The Audit Committee shall review the Company's financial and accounting standards and principles, significant changes in such standards and principles or in their application and the key accounting decisions affecting the Company's financial statements, including alternatives to, and the rationale for, the decisions made.

The Audit Committee shall receive and review (a) a report by the independent auditors describing the independent auditors' internal quality-control procedures and any material issues raised by the most recent internal quality control review, or peer review of the independent auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the firm, and any steps taken to deal with any such issues and (to assess the auditor's independence) all relationships between the independent auditor and the Company, including the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") regarding the independent auditor's communications with the Audit Committee concerning independence (the report must state that the Audit Committee received a letter from the independent auditors required by the applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed the letter with the independent auditors); and (b) other required reports from the independent auditors. In connection with (a) the Audit Committee shall discuss with the independent auditors any relationships or services disclosed in the report that may impact the quality of the audit services or the objectivity and independence of the Company's independent auditors.

The Audit Committee shall receive and review annually a formal written statement from the independent auditors of the fees billed in each of the last two fiscal years for each of the following categories of service rendered by independent auditors: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's quarterly reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

The Audit Committee shall review with the independent auditors any audit problems or difficulties and the Management's responses.

The Audit Committee shall receive and review from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with the Management, ramifications of the use of such alternative disclosures and treatments, and the treatment performed by the independent auditors, and any material written communications between the independent auditors and the Management, such as any "management" letter or schedule of unadjusted differences.

The Audit Committee shall discuss with the Management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner.

The Audit Committee shall review the following with the independent auditors

- the Internal Accountants and
- the adequacy and effectiveness of the accounting and financial controls of the Company.

The Audit Committee shall elicit from the independent auditors any recommendations for improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper. Further, the Audit Committee periodically should review Company policy statements to determine adherence to appropriate codes of conduct.

The Audit Committee shall review the interim financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," with the Management and the independent auditors prior to the filing of the Company's quarterly reports in Form 10-Q. Also, the committee shall discuss the results of the quarterly review and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards. The chairman of the Audit Committee may represent the entire committee for the purposes of this review.

The Audit Committee shall review with the Management and the independent auditors the financial statements to be included in the Company's annual report on Form 10-K (or in the annual report to shareholders if distributed prior to the filing of the 10-K), including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the independent auditors' judgment about the quality, not just acceptability, of application of accounting principles therein, the reasonableness of significant judgments made in connection with the preparation of such financial statements and the clarity of the disclosures in the financial statements. The Audit Committee should satisfy itself that the independent auditors are satisfied with the disclosure and the content of the financial statements to be presented to the shareholders. Any changes in accounting principles should be reviewed.

The Audit Committee shall review:

- major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material deficiencies;
- analyses prepared by the Management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including analyses of alternative GAAP methods on the financial statements;
- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
- earnings releases, if any, (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.

The Audit Committee shall review each of the following matters once per year, on a schedule to be determined by the Audit Committee, unless the Audit Committee deems it appropriate to do so more frequently:

- the scope of the activities of the firm of independent auditors engaged by the Company;
- the scope of the activities of the Internal Accountants;
- the degree of coordination of the respective activities of the firm of independent auditors and of the Internal Accountants;
- the independence and objectivity of the firm of independent auditors, including whether the provision by the independent auditors of permitted non-audit services is compatible with the auditors' independence, and obtain and review a report from the independent auditors describing all relationships between the auditors and the Company.
- the scope of the independent auditors' audit of the Company's financial statements and its discharge of its duties;
- the effectiveness of, and the adequacy of resources available to, the Internal Accountants;
- the procedures established by the Company to establish and monitor its internal controls, including the controls over data processing activities and programs for security to protect against computer fraud or misuse;

- the policies and practices of the Company concerning financial reporting to shareholders and the public, including reporting of quarterly and year-end results;
- the major findings of audits of the Company's financial condition performed by the Company's independent auditors and Internal Accountants;
- the major findings of the audits of the Company's employee benefit programs, if any, performed by the Company's independent auditors and Internal Accountants;
- the status of the Company's tax returns and reports for open years and whether there are any significant items that have been or might be disputed by any taxing authority, including inquiry of the independent auditors as to the adequacy of the related tax reserves; and the policies and programs of the Company for compliance with any applicable tax laws;
- the policies and programs of the Company for compliance with any applicable laws and regulations of exchanges on which the Company's securities are listed relating to audit and financial reporting matters, and with applicable standards and rules promulgated by the U.S. Financial Accounting Standards Board, the U.S. Securities and Exchange Commission (the "SEC"), and Bermuda and other regulatory or advisory bodies that have jurisdiction over the Company's financial reporting and audit process;
- together with the Company's counsel, any significant litigation to which the Company or any of its subsidiaries is a party or which is threatened; and
- any material fraudulent activities that have been detected within the Company and its subsidiaries.

The Audit Committee shall pre-approve all audit engagement fees and terms and the fees and the terms of all non-audit engagements of the independent auditors. The Company's independent auditor shall not be engaged to provide any services without the prior approval of the Audit Committee.

The Audit Committee shall meet periodically with the Management to review the Company's major financial risk exposures and to consider, with the Management, including anyone at the Management Company that performs such function for the Company, the Company's risk tolerances.

The Audit Committee shall meet periodically with the Management to review the Company's policies and procedures designed to address compliance with laws, important corporate policies and the reduction of present and future litigation.

The Audit Committee shall review and approve all related party transactions of the Company in accordance with the policies of the Company in effect from time to time.

The Audit Committee shall review and reassess the adequacy of this Charter at least annually and recommend any changes to the full Board.

The Audit Committee shall resolve all disagreements between the Management and the Company's independent auditors regarding financial reporting.

The Audit Committee shall establish policies for hiring personnel from the Company's independent auditors.

The Audit Committee shall perform such other functions as are assigned by law, the Company's charter or bye-laws or the Board.

The Audit Committee shall establish procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters.

The Audit Committee shall discuss with the Company's officers supplying certifications pursuant to Section 302 of the Sarbanes-Oxley Act all significant deficiencies and material weaknesses in the design and operation of internal control over financial reporting and any fraud that involves the Management or other employees, including by anyone retained by the Company that is employed by the Management Company, who have a significant role in internal control over financial reporting of which it is advised by such officers, and take appropriate actions in light of those discussions.

The Audit Committee shall provide such reports in the proxy statements of the Company as are required of the Audit Committee by the SEC.

Without limiting the generality of the foregoing, the Audit Committee shall discuss with the Company's independent auditors (a) the results of the annual audit, including the matters required to be discussed by Statement on Auditing Standards No. 61, as it may be modified or supplemented, (b) the written disclosures and the letter from the independent auditors required by the applicable requirements of the PCAOB, and (c) any other matters required to be communicated to the committee under generally accepted auditing standards.

The Audit Committee shall, based on its reviews and other actions taken as described above, determine whether it shall recommend to the Board that the annual financial statements for any fiscal year of the Company be included in the Company's Annual Report on Form 10-K for such fiscal year; and shall so recommend such inclusion if the committee determines it is advisable to do so.

The Audit Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Audit Committee. The Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-

audit services to be performed by the independent auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting.

### **Procedures**

The Board shall designate one member of the Audit Committee as its chairman. The Audit Committee shall meet in accordance with an established schedule and special meetings may be called by any member of the Audit Committee as deemed appropriate by that member. The Audit Committee shall meet (a) out of the presence of the Management with the independent accountants at each regular meeting of the Audit Committee, (b) out of the presence of the Management with the Internal Accountants, at least twice each year, and (c) similarly with representatives of senior management and other employees of the Management Company in connection with the Management Company's performance of its internal accounting procedures for the Company. In addition, but not in lieu of any of the meetings described in the immediately preceding sentence, the Audit Committee may take action through further meetings or through a written consent of all of its members in lieu of any special meeting.

A number of members of the Audit Committee equal to at least a majority of the whole committee shall constitute a quorum for the transaction of any business by the committee.

Minutes shall be kept of each meeting of the Audit Committee. The Audit Committee shall submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each committee meeting with, the Board. The Audit Committee shall review with the full Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliances with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit functions.

The Audit Committee shall utilize adequate Company resources to conduct, or have conducted, such regular and special reviews and examinations as are necessary to fulfill its responsibilities. The Audit Committee shall investigate any matter brought to its attention within the scope of its duties and may retain outside counsel for this purpose if, in its judgment, that is appropriate.

Any meeting required by this Charter may be carried out in person, by telephone or any other means determined to be reasonable by the Audit Committee.

### **Access to Information**

The Audit Committee shall have access to employees of the Company, employees of the Management Company, the Internal Accountants and the Company's independent auditors.

The Management, the Company's employees, the Management Company, the Management Company's employees that are retained by the Company, the Internal Accountants and the independent auditors shall be directed to cooperate with the Audit Committee and to provide the Audit Committee with prompt and accurate information so that the committee can discharge its duties properly and the Audit Committee is empowered to take such actions as are reasonably necessary to obtain such cooperation and information.



To the extent permitted by law, the Audit Committee and the members thereof shall be entitled to rely on the information and opinions of the persons and entities noted above in carrying out its responsibilities.

### **Engagement of Advisors**

The Audit Committee shall have the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties.

### **Resources and Authority**

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or the Management.

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to:

- any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or other services for the Company; and
- any independent counsel or other advisors retained by the Audit Committee.

### **Public Filing of Charter**

To the extent required by the rules and regulations of the SEC (including, without limitation, Item 7(e)(3) of Schedule 14A promulgated under the Exchange Act), this Charter shall be publicly filed as an appendix to the proxy statements of the Company with respect to annual general meetings of the shareholders of the Company.

### **Limitation of Audit Committee's Roles**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of the Management, the Internal Accountants and the Company's independent auditors.