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

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the Quarterly Period ended June 30, 2017.

☐ **Transition report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934.**

For the transition period from __________ to__________.

Commission file number 000-28249

AMERINST INSURANCE GROUP, LTD.
(Exact Name of Registrant as Specified in its Charter)

BERMUDA **(State or other jurisdiction of Incorporation or Organization)**	**98-0207447** **(I.R.S. Employer Identification No.)**
c/o Citadel Management Bermuda Limited **25 Church Street, Continental Building** **P.O. Box HM 1601, Hamilton, Bermuda** **(Address of Principal Executive Offices)**	**HMGX** **(Zip Code)**

(441) 295-6015
(Telephone number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
Emerging Growth Company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒.

As of August 1, 2017, the Registrant had 995,253 common shares, $1.00 par value per share, outstanding.

Introductory Note

Caution Concerning Forward-Looking Statements

Certain statements contained in this Form 10-Q, or otherwise made by our officers, including statements related to our future performance, our outlook for our businesses and respective markets, projections, statements of our management's plans or objectives, forecasts of market trends and other matters, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and contain information relating to us that is based on the beliefs of our management as well as assumptions made by, and information currently available to, our management. The words "expect," "believe," "may," "could," "should," "would," "estimate," "anticipate," "intend," "plan," "target," "goal" and similar expressions as they relate to us or our management are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those reflected in any forward-looking statements. Our actual future results may differ materially from those set forth in our forward-looking statements. Factors that might cause such actual results to differ materially from those reflected in any forward-looking statements include, but are not limited to the factors discussed in detail in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, as well as:

- our ability to generate increased revenues and positive earnings in future periods;
- the occurrence of catastrophic events with a frequency or severity exceeding our expectations;
- the legislative and administrative impact of the new presidential administration on our business;
- subjection of our non-U.S. companies to regulation and/or taxation in the United States;
- a decrease in the level of demand for professional liability insurance and reinsurance or an increase in the supply of professional liability insurance and reinsurance capacity;
- our ability to meet the performance goals and metrics set forth in our business plan without a significant depletion of our cash resources while maintaining sufficient capital levels;
- a worsening of the current global economic market conditions and changing rates of inflation and other economic conditions;
- the effects of security breaches, cyber-attacks or computer viruses that may affect our computer systems or those of our customers, third-party managers and service providers;
- increased competitive pressures, including the consolidation and increased globalization of reinsurance providers;
- actual losses and loss expenses exceeding our loss reserves, which are necessarily based on the actuarial and statistical projections of ultimate losses;
- increased or decreased rate pressure on premiums;
- adequacy of our risk management and loss limitation methods;
- the successful integration of businesses we may acquire or new business ventures we may start;
- acts of terrorism, political unrest, outbreak of war and other hostilities or other non-forecasted and unpredictable events;
- compliance with and changes in the legal or regulatory environments in which we operate; and
- other risks, including those risks identified in any of our other filings with the Securities and Exchange Commission.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our management's analysis only as of the date they are made. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Part I—FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, expressed in U.S. dollars)

	As of June 30, 2017	As of December 31, 2016
ASSETS		
INVESTMENTS		
Fixed maturity investments, available for sale, at fair value (amortized cost $11,390,760 and $11,406,979)	$11,429,332	$11,362,421
Equity securities, available for sale, at fair value (cost $12,239,697 and $11,321,578)	16,443,998	15,165,544
TOTAL INVESTMENTS	27,873,330	26,527,965
Cash and cash equivalents	5,251,270	4,631,709
Restricted cash and cash equivalents	17,729	23,392
Other invested assets	490,000	490,000
Assumed reinsurance balances receivable	1,506,216	1,285,126
Accrued investment income	67,525	76,975
Property and equipment	228,452	226,988
Deferred policy acquisition costs	1,726,807	1,384,915
Prepaid expenses and other assets	1,709,710	1,398,739
TOTAL ASSETS	$38,871,039	$36,045,809
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	$11,080,766	$ 8,941,991
Unearned premium	4,665,930	3,743,006
Assumed reinsurance balances payable	1,537	1,254,687
Accrued expenses and other liabilities	4,195,240	4,035,617
TOTAL LIABILITIES	$19,943,473	$17,975,301
SHAREHOLDERS' EQUITY		
Common shares, $1 par value, 2017 and 2016: 2,000,000 shares authorized, 995,253 issued and outstanding	$ 995,253	$ 995,253
Additional paid-in capital	6,287,293	6,287,293
Retained earnings	15,722,938	15,379,345
Accumulated other comprehensive income	4,242,873	3,799,408
Shares held by Subsidiary (346,057 and 348,605 shares) at cost	(8,320,791)	(8,390,791)
TOTAL SHAREHOLDERS' EQUITY	18,927,566	18,070,508
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$38,871,039	$36,045,809

See the accompanying notes to the unaudited condensed consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND RETAINED EARNINGS
(Unaudited, expressed in U.S. dollars)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
REVENUE				
Net premiums earned	$ 4,001,139	$ 3,116,435	$ 2,208,528	$ 1,500,827
Commission income	2,387,863	1,980,758	1,172,819	947,273
Net investment income	236,160	146,117	85,493	81,438
Net realized gain on investments	851,572	760,114	373,316	516,861
TOTAL REVENUE	7,476,734	6,003,424	3,840,156	3,046,399
LOSSES AND EXPENSES				
Losses and loss adjustment expenses	2,580,735	2,041,266	1,424,500	983,043
Policy acquisition costs	1,480,015	1,153,085	817,157	555,307
Operating and management expenses	2,768,472	2,528,253	1,382,088	1,279,718
TOTAL LOSSES AND EXPENSES	6,829,222	5,722,604	3,623,745	2,818,068
NET INCOME BEFORE TAX	647,512	280,820	216,411	228,331
Income tax expense	—	—	—	—
NET INCOME AFTER TAX	$ 647,512	$ 280,820	$ 216,411	$ 228,331
OTHER COMPREHENSIVE INCOME (LOSS)				
Net unrealized holding gains arising during the period	1,295,037	175,720	661,765	227,745
Reclassification adjustment for gains included in net income	(851,572)	(760,114)	(373,316)	(516,861)
OTHER COMPREHENSIVE INCOME (LOSS)	443,465	(584,394)	288,449	(289,116)
COMPREHENSIVE INCOME (LOSS)	$ 1,090,977	$ (303,574)	$ 504,860	$ (60,785)
RETAINED EARNINGS, BEGINNING OF PERIOD	$15,379,345	$14,213,781	$15,810,446	$14,123,576
Net income	647,512	280,820	216,411	228,331
Dividends	(303,919)	(142,694)	(303,919)	—
RETAINED EARNINGS, END OF PERIOD	$15,722,938	$14,351,907	$15,722,938	$14,351,907
Per share amounts				
Net Income per share				
Basic	$ 1.00	$ 0.43	$ 0.33	$ 0.35
Diluted	$ 1.00	$ 0.43	$ 0.33	$ 0.35
Dividends	$ 0.50	$ 0.25	$ 0.50	$ 0.00
Weighted average number of shares outstanding for the entire period				
Basic	646,497	650,516	646,422	650,952
Diluted	650,421	650,516	647,826	650,952

See the accompanying notes to the unaudited condensed consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, expressed in U.S. dollars)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
OPERATING ACTIVITIES		
Net Cash provided by Operating Activities	$ 1,036,140	$ 1,327,928
INVESTING ACTIVITIES		
Movement in restricted cash and cash equivalents	5,663	571,148
Purchases of property and equipment	(33,499)	(27,485)
Purchases of available-for-sale securities	(4,675,291)	(4,449,623)
Proceeds from sales of available-for-sale securities	3,028,927	2,543,936
Proceeds from redemptions of fixed maturity investments	611,540	—
Proceeds from maturities of fixed maturity investments	950,000	705,000
Net Cash used in Investing Activities	(112,660)	(657,024)
FINANCING ACTIVITIES		
Dividends paid	(303,919)	(142,694)
Net Cash used in Financing Activities	(303,919)	(142,694)
NET INCREASE IN CASH AND CASH EQUIVALENTS	619,561	528,210
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	$ 4,631,709	$ 3,073,747
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 5,251,270	$ 3,601,957

See the accompanying notes to the unaudited condensed consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

1. BASIS OF PREPARATION AND CONSOLIDATION

The condensed consolidated financial statements included herein have been prepared by AmerInst Insurance Group, Ltd. ("AmerInst") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). These financial statements reflect all adjustments consisting of normal recurring accruals, which are, in the opinion of management, necessary for a fair presentation of our financial position and results of operations as of the end of and for the periods presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany transactions and balances have been eliminated on consolidation. These statements are condensed and do not incorporate all the information required under U.S. GAAP to be included in a full set of financial statements. In these notes, the terms "we", "us", "our" or the "Company" refer to AmerInst and its subsidiaries. These condensed statements should be read in conjunction with the audited consolidated financial statements at and for the year ended December 31, 2016 and notes thereto, included in AmerInst's Annual Report on Form 10-K for the year then ended.

New Accounting Pronouncements

New Accounting Standards Adopted in 2017

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides a framework, through a five-step process, for recognizing revenue from customers, improves comparability and consistency of recognizing revenue across entities, industries, jurisdictions and capital markets, and requires enhanced disclosures. Certain contracts with customers are specifically excluded from the scope of ASU 2014-09, including; without limitation, insurance contracts accounted for under Accounting Standard Codification 944, *Financial Services—Insurance*. ASU 2014-09 was effective on January 1, 2017 with retrospective adoption required for the comparative periods. The adoption of ASU 2014-09 did not have a material impact on the Company's consolidated financial statements.

2. INVESTMENTS

The cost or amortized cost, gross unrealized holding gains and losses, and estimated fair value of the Company's fixed maturity investments, by major security type, and equity securities as of June 30, 2017 and December 31, 2016 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of June 30, 2017				
Fixed maturity investments:				
U.S. government agency securities	$ 1,903,283	$ 4,143	$ (329)	$ 1,907,097
Obligations of states and political subdivisions	3,274,313	35,273	(555)	3,309,031
Corporate debt securities	6,213,164	25,384	(25,344)	6,213,204
Total fixed maturity investments	11,390,760	64,800	(26,228)	11,429,332
Equity securities	12,206,389	4,233,917	(52,336)	16,387,970
Hedge fund	33,308	22,720	—	56,028
Total equity securities	12,239,697	4,256,637	(52,336)	16,443,998
Total investments	$23,630,457	$4,321,437	$ (78,564)	$27,873,330

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2016				
Fixed maturity investments:				
U.S. government agency securities	$ 1,462,040	$ 6,408	$ (1,642)	$ 1,466,806
Obligations of states and political subdivisions	4,098,069	37,309	(634)	4,134,744
Corporate debt securities	5,846,870	1,662	(87,661)	5,760,871
Total fixed maturity investments	11,406,979	45,379	(89,937)	11,362,421
Equity securities	11,235,802	3,917,670	(128,395)	15,025,077
Hedge fund	85,776	54,691	—	140,467
Total equity securities	11,321,578	3,972,361	(128,395)	15,165,544
Total investments	$22,728,557	$4,017,740	$(218,332)	$26,527,965

The following tables summarize the Company's fixed maturity and equity securities 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:

	12 months or greater		Less than 12 months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
As of June 30, 2017						
Fixed maturity investments:						
U.S. government agency securities	$ —	$ —	$ 504,095	$ (329)	$ 504,095	$ (329)
Obligations of states and political subdivisions	—	—	499,445	(555)	499,445	(555)
Corporate debt securities	464,922	(11,905)	2,365,052	(13,439)	2,829,974	(25,344)
Total fixed maturity investments	464,922	(11,905)	3,368,592	(14,323)	3,833,514	(26,228)
Equity securities	114,724	(5,297)	1,363,761	(47,039)	1,478,485	(52,336)
Hedge fund	—	—	—	—	—	—
Total equity securities	114,724	(5,297)	1,363,761	(47,039)	1,478,485	(52,336)
Total investments	$579,646	$ (17,202)	$4,732,353	$ (61,362)	$5,311,999	$ (78,564)

	12 months or greater		Less than 12 months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
As of December 31, 2016						
Fixed maturity investments:						
U.S. government agency securities	$ —	$ —	$ 507,735	$ (1,642)	$ 507,735	$ (1,642)
Obligations of states and political subdivisions	542,968	(402)	420,050	(232)	963,018	(634)
Corporate debt securities	—	—	4,549,756	(87,661)	4,549,756	(87,661)
Total fixed maturity investments	542,968	(402)	5,477,541	(89,535)	6,020,509	(89,937)
Equity securities	119,411	(6,743)	1,671,859	(121,652)	1,791,270	(128,395)
Hedge fund	—	—	—	—	—	—
Total equity securities	119,411	(6,743)	1,671,859	(121,652)	1,791,270	(128,395)
Total investments	$662,379	$ (7,145)	$7,149,400	$(211,187)	$7,811,779	$(218,332)

As of June 30, 2017 and December 31, 2016, there were 20 and 27 securities in an unrealized loss position with an estimated fair value of $5,311,999 and $7,811,779, respectively. As of June 30, 2017 and December 31, 2016, four and six of these securities had been in an unrealized loss position for 12 months or greater, respectively. As of June 30, 2017 and December 31, 2016, none of these securities were considered to be other-than-temporarily impaired. The Company has the intent to hold these securities for a sufficient period of time for the value to recover and it is not more likely than not that the Company will be required to sell these securities before their fair value recover above the adjusted cost. The unrealized losses from these securities were not as a result of credit, collateral or structural issues.

At June 30, 2017 and December 31, 2016, the Company had investments in certificates of deposit ("CD") in the amount of $490,000 comprised of fully insured time deposits placed with Federal Deposit Insurance Corporation ("FDIC") insured commercial banks and savings associations. The FDIC, an independent agency of the United States government, protects depositors up to an amount of $250,000 per depositor, per insured institution. FDIC insurance is backed by the full faith and credit of the United States government. The stated interest rate of an FDIC insured CD varies greatly among commercial banks and savings associations, depending on the term of the CD and the institution's need for funding. The liquidity of "marketable" CDs is marginal, even though they are assigned an FDIC number, a CUSIP number and are held in book-entry form through the Depository Trust Company. Depending on market liquidity and conditions, the bid price for an FDIC insured CD would reflect the supply of and the demand for deposits of the particular bank or savings association, as well as prevailing interest rates, the remaining term of the deposit, specific features of the CD, and compensation of the broker arranging the sale of the CD. These time deposits mature in less than one year and are classified as other invested assets on the Company's consolidated balance sheet.

Other-Than-Temporary Impairment Process

The Company assesses whether declines in the fair value of its fixed maturity investments classified as available-for-sale represent impairments that are other-than-temporary by reviewing each fixed maturity investment that is impaired and (1) determining if the Company has the intent to sell the fixed maturity investment or if it is more likely than not that the Company will be required to sell the fixed maturity investment before its anticipated recovery; and (2) assessing whether a credit loss exists, that is, where the Company expects that the present value of the cash flows expected to be collected from the fixed maturity investment are less than the amortized cost basis of the investment.

The Company had no planned sales of its fixed maturity investments classified as available-for-sale that were in an unrealized loss position at June 30, 2017. In assessing whether it is more likely than not that the Company will be required to sell a fixed maturity investment before its anticipated recovery, the Company considers various factors including its future cash flow requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short term investments and fixed maturity investments available for sale in an unrealized gain position, and other relevant factors. For the six months ended June 30, 2017, the Company did not recognize any other-than-temporary impairments due to sales.

In evaluating credit losses, the Company considers a variety of factors in the assessment of a fixed maturity investment including: (1) the time period during which there has been a significant decline below cost; (2) the extent of the decline below cost and par; (3) the potential for the fixed maturity investment to recover in value; (4) an analysis of the financial condition of the issuer; (5) the rating of the issuer; and (6) failure of the issuer of the fixed maturity investment to make scheduled interest or principal payments.

Equity securities are reviewed on a regular basis to determine if they have sustained an impairment of value that is considered to be other than temporary. Several factors are considered in the assessment of an investment, which include (i) the extent of the decline below cost, and (ii) the potential for the security to recover in value.

If we conclude a security is other-than-temporarily impaired, we write down the amortized cost of the security to fair value, with a charge to net realized investment gains (losses) in the Consolidated Statement of Operations. Gross unrealized losses on the investment portfolio as of June 30, 2017 and December 31, 2016, relating to nine and 16 fixed maturity securities, amounted to $26,228 and $89,937, respectively, and 11 and 22 equity securities, amounted to $52,336 and $128,395, respectively. The unrealized losses on these available for sale fixed maturity securities were not as a result of credit, collateral or structural issues. During the six months ended and three months ended June 30, 2017, the Company recorded a total other-than-temporary impairment charge of $25,272 on one equity security as a result of the decline in fair value below cost. During the six months ended and three months ended June 30, 2016, the Company recorded a total other-than-temporary impairment charge of $121,116 and $15,196 on two and one equity securities, respectively, as a result of the decline in fair value below cost.

Fair Value of Investments

Under existing U.S. GAAP, we are required to recognize certain assets at their fair value in our consolidated balance sheets. This includes our fixed maturity investments and equity securities. In accordance with the Fair Value Measurements and Disclosures Topic of Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”) 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon whether the inputs to the valuation of an asset or liability are observable or unobservable in the market at the measurement date, with quoted market prices being the highest level (Level 1) and unobservable inputs being the lowest level (Level 3). A fair value measurement will fall within the level of the hierarchy based on the inputs that are significant to determining such measurement. The three levels are defined as follows:

- **Level 1**: Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2**: Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3**: Inputs to the valuation methodology that are unobservable for the asset or liability.

At each measurement date, we estimate the fair value of the security using various valuation techniques. We utilize, to the extent available, quoted market prices in active markets or observable market inputs in estimating the fair value of our investments. When quoted market prices or observable market inputs are not available, we utilize valuation techniques that rely on unobservable inputs to estimate the fair value of investments. The following describes the valuation techniques we used to determine the fair value of investments held as of June 30, 2017 and December 31, 2016 and what level within the fair value hierarchy each valuation technique resides:

- **U.S. government agency securities**: Comprised primarily of bonds issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and the Federal National Mortgage Association. The fair values of U.S. government agency securities are priced using the spread above the risk-free U.S. Treasury yield curve. As the yields for the risk-free U.S. Treasury yield curve are observable market inputs, the fair values of U.S. government agency securities are classified as Level 2 in the fair value hierarchy. AmerInst considers a liquid market to exist for these types of securities held. Broker quotes are not used for fair value pricing.

- **Obligations of state and political subdivisions**: Comprised of fixed income obligations of state and local governmental municipalities. The fair values of these securities are based on quotes and current market spread relationships, and are classified as Level 2 in the fair value hierarchy. AmerInst considers a liquid market to exist for these types of securities held. Broker quotes are not used for fair value pricing.

- **Corporate debt securities**: Comprised of bonds issued by corporations. The fair values of these securities are based on quotes and current market spread relationships, and are classified as Level 2 in the fair value hierarchy. AmerInst considers a liquid market to exist for these types of securities held. Broker quotes are not used for fair value pricing.

- **Equity securities, at fair value**: Comprised primarily of investments in the common stock of publicly traded companies in the U.S. All of the Company’s equities are classified as Level 1 in the fair value hierarchy. The Company receives prices based on closing exchange prices from independent pricing sources to measure fair values for the equities.

- **Hedge fund**: Comprised of a hedge fund whose objective was to seek attractive long-term returns with lower volatility by investing in a range of diversified investment strategies. The fair value of the hedge fund is based on the net asset value of the fund as reported by the external fund manager.

  In May 2016, the manager of our hedge fund portfolio chose to liquidate the fund and return its capital to the investors. The liquidation of the fund and the return of capital to its investors is expected to take place over a 15-month period.

While we obtain pricing from independent pricing services, management is ultimately responsible for determining the fair value measurements for all securities. To ensure fair value measurement is applied consistently and in accordance with U.S. GAAP, we periodically update our understanding of the pricing methodologies used by the independent pricing services. We also undertake further analysis with respect to prices we believe may not be representative of fair value under current market conditions. Our review process includes, but is not limited to: (i) initial and ongoing evaluation of the pricing methodologies and valuation models used by outside parties to calculate fair value; (ii) quantitative analysis; (iii) a review of multiple quotes obtained in the pricing process and the range of resulting fair values for each security, if available, and (iv) randomly selecting purchased or sold securities and comparing the executed prices to the fair value estimates provided by the independent pricing sources.

There have been no material changes to our valuation techniques from what was used as of December 31, 2016. Since the fair value of a security is an estimate of what a willing buyer would pay for such security if we sold it, we cannot know the ultimate value of our securities until they are sold. We believe the valuation techniques utilized provide us with a reasonable estimate of the price that would be received if we were to sell our assets or transfer our liabilities in an orderly market transaction between participants at the measurement date. The following tables show the fair value of the Company's investments in accordance with ASC 820 as of June 30, 2017 and December 31, 2016:

			Fair value measurement using:		
	Carrying amount	**Total fair value**	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
As of June 30, 2017					
U.S. government agency securities	$ 1,907,097	$ 1,907,097	$ —	$ 1,907,097	$ —
Obligations of U.S. state and political subdivisions	3,309,031	3,309,031		3,309,031	
Corporate debt securities	6,213,204	6,213,204		6,213,204	
Total fixed maturity investments	11,429,332	11,429,332			
Equity securities (excluding the hedge fund)	16,387,970	16,387,970	16,387,970		
Total equity securities (excluding the hedge fund)	16,387,970	16,387,970			
Hedge fund measured at net asset value (a)	56,028	56,028			
Total investments	$27,873,330	$27,873,330	$16,387,970	$ 11,429,332	$ —

			Fair value measurement using:		
	Carrying amount	**Total fair value**	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
As of December 31, 2016					
U.S. government agency securities	$ 1,466,806	$ 1,466,806	$ —	$ 1,466,806	$ —
Obligations of U.S. state and political subdivisions	4,134,744	4,134,744		4,134,744	
Corporate debt securities	5,760,871	5,760,871		5,760,871	
Total fixed maturity investments	11,362,421	11,362,421			
Equity securities (excluding the hedge fund)	15,025,077	15,025,077	15,025,077		
Total equity securities (excluding the hedge fund)	15,025,077	15,025,077			
Hedge fund measured at net asset value (a)	140,467	140,467			
Total investments	$26,527,965	$26,527,965	$15,025,077	$ 11,362,421	$ —

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position

There were no transfers between Levels 1 and 2 during the six months ended June 30, 2017 and the year ended December 31, 2016.

The cost or amortized cost and estimated fair value of fixed maturity investments as of June 30, 2017 and December 31, 2016 by contractual maturity are shown below. Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations without penalties.

	Amortized Cost	Estimated Fair Value
As of June 30, 2017		
Due in one year or less	$ 2,472,420	$ 2,477,301
Due after one year through five years	8,469,077	8,502,768
Due after five years through ten years	449,263	449,263
Total	$11,390,760	$11,429,332

	Amortized Cost	Estimated Fair Value
As of December 31, 2016		
Due in one year or less	$ 1,455,729	$ 1,457,201
Due after one year through five years	8,081,777	8,089,289
Due after five years through ten years	1,701,987	1,648,731
Due after ten years	167,486	167,200
Total	$11,406,979	$11,362,421

Information on sales and maturities of investments during the six months ended June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
Total proceeds on sales of available-for-sale securities	$3,028,927	$2,543,936
Proceeds from redemptions of fixed maturity investments	611,540	—
Total proceeds from maturities of fixed maturity investments	950,000	705,000
Gross gains on sales	879,193	882,442
Gross losses on sales	(2,349)	(1,212)
Impairment losses	(25,272)	(121,116)

Information on sales and maturities of investments during the three months ended June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
Total proceeds on sales of available-for-sale securities	$1,794,306	$1,941,245
Proceeds from redemptions of fixed maturity investments	165,000	—
Total proceeds from maturities of fixed maturity investments	275,000	325,000
Gross gains on sales	398,588	532,057
Gross losses on sales	—	—
Impairment losses	(25,272)	(15,196)

Major categories of net investment income during the six months ended June 30, 2017 and 2016 are summarized as follows:

	June 30, 2017	June 30, 2016
Interest earned:		
Fixed maturity investments	$123,101	$ 92,029
Short term investments and cash and cash equivalents	11,349	1,904
Dividends earned	173,861	118,782
Investment expenses	(72,151)	(66,598)
Net investment income	$236,160	$146,117

Major categories of net investment income during the three months ended June 30, 2017 and 2016 are summarized as follows:

	June 30, 2017	June 30, 2016
Interest earned:		
Fixed maturity investments	$ 61,791	$ 46,409
Short term investments and cash and cash equivalents	9,440	1,026
Dividends earned	50,632	66,758
Investment expenses	(36,370)	(32,755)
Net investment income	$ 85,493	$ 81,438

3. LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table presents a reconciliation of the beginning and ending balances for the liability for unpaid losses and loss adjustment expenses for the six months ended June 30, 2017 and 2016:

	2017	2016
Liability—beginning of period	$ 8,941,991	$6,583,474
Incurred related to:		
Current year	2,580,735	2,041,266
Prior years	—	—
Total incurred	2,580,735	2,041,266
Paid related to:		
Current year	(1,321)	(3,237)
Prior years	(440,639)	(348,172)
Total paid	(441,960)	(351,409)
Liability—end of period	$11,080,766	$8,273,331

As incurred losses for the six months ended June 30, 2017 are derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned, as stated in Results of Operations below, all incurred losses are assumed to be current year losses.

4. SEGMENT INFORMATION

AmerInst has two reportable segments: (1) reinsurance activity, which also includes investments and other activities, and (2) insurance activity, which offers professional liability solutions to professional service firms under the Agency Agreement with C&F, as defined in the “Overview” section below.

The tables below summarize the results of our reportable segments as of and for the six months ended June 30, 2017 and 2016.

	As of and for the Six Months Ended June 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	$ 5,087,326	$ 2,389,408	$ 7,476,734
Total losses and expenses	4,706,949	2,122,273	6,829,222
Segment income	380,377	267,135	647,512
Identifiable assets	—	228,452	228,452

	As of and for the Six Months Ended June 30, 2016		
	Reinsurance Segment	Insurance Segment	Total
Revenues	$ 4,021,477	$ 1,981,947	$ 6,003,424
Total losses and expenses	3,763,236	1,959,368	5,722,604
Segment income	258,241	22,579	280,820
Identifiable assets	—	126,911	126,911

The tables below summarize the results of our reportable segments as of and for the three months ended June 30, 2017 and 2016.

	As of and for the Three Months Ended June 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	$ 2,666,576	$ 1,173,580	$ 3,840,156
Total losses and expenses	2,602,896	1,020,849	3,623,745
Segment income	63,680	152,731	216,411
Identifiable assets	—	228,452	228,452

	As of and for the Three Months Ended June 30, 2016		
	Reinsurance Segment	Insurance Segment	Total
Revenues	$ 2,098,538	$ 947,861	$ 3,046,399
Total losses and expenses	1,848,200	969,868	2,818,068
Segment income (loss)	250,338	(22,007)	228,331
Identifiable assets	—	126,911	126,911

5. STOCK COMPENSATION

AmerInst Professional Services, Limited (“APSL”), a subsidiary of AmerInst, has employment agreements with four key members of senior management, including one of our named executive officers, Kyle Nieman, the President of APSL, which grant them phantom shares of the Company. Under these agreements, these employees were initially granted an aggregate of 75,018 phantom shares of the Company on the date of their employment, subject to certain vesting requirements. The phantom shares are eligible for phantom dividends payable at the same rate as regular dividends on the Company’s common shares. The phantom dividends may be used only to purchase additional phantom shares with the purchase price of such phantom shares being the net book value of the Company’s actual common shares as of the end of the previous quarter. During the six months and three months ended June 30, 2017, 1,467 phantom shares were granted, arising from the dividends declared on the Company’s common shares. 86,161 phantom shares were outstanding at June 30, 2017.

For three of these employees, including Mr. Nieman, the phantom shares initially granted, as well as any additional shares granted from dividends declared, vested on January 1, 2015. For the fourth employee, the phantom shares initially granted, as well as any additional shares granted from dividends declared, will vest on January 1, 2018. The liability payable to these employees under the phantom share agreements is equal to the value of the phantom shares based on the net book value of the Company's actual common shares at the end of the previous quarter less the value of phantom shares initially granted and is payable in cash upon the earlier of the employee attaining 65 years of age or within 60 days of such employee's death or permanent disability, including if such death or permanent disability occurs before January 1, 2018 for the fourth employee.

The liability relating to these phantom shares is recalculated quarterly based on the net book value of our common shares at the end of each quarter. As a result of the overall decrease in the net book value of our common shares since the grant dates, we have not recorded any liability relating to these phantom shares at June 30, 2017.

During the quarter ended March 31, 2017, 35,000 stock options were granted to the Company's directors at a strike price of $27.99. These options vest in five equal annual installments beginning on March 3, 2018.

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

Management's discussion and analysis ("MD&A") provides supplemental information, which sets forth the major factors that have affected our financial condition and results of operation and should be read in conjunction with our condensed consolidated financial statements and notes thereto included in this Form 10-Q.

Certain statements contained in this Form 10-Q, including this MD&A section, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and contain information relating to us that is based on the beliefs of our management as well as assumptions made by, and information currently available to, our management. The words "expect," "believe," "may," "could," "should," "would," "estimate," "anticipate," "intend," "plan," "target," "goal" and similar expressions as they relate to us or our management are intended to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements. Please see the Introductory Note and Item 1A "Risk Factors" of our 2016 Annual Report on Form 10-K, as updated in our subsequent quarterly reports filed on Form 10-Q, and in our other filings made from time to time with the Commission after the date of this report for a discussion of factors that could cause our actual results to differ materially from those in the forward-looking statements. However, the risk factors listed in Item 1A "Risk Factors" of our 2016 Annual Report on Form 10-K or discussed in this Quarterly Report on Form 10-Q should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our management's analysis only as of the date they are made. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion addresses our financial condition and results of operations for the periods and as of the dates indicated.

OVERVIEW

Unless otherwise indicated by the context in this quarterly report, we refer to AmerInst Insurance Group, Ltd. and its subsidiaries as the "Company," "AmerInst," "we" or "us." "AMIC Ltd." means AmerInst's wholly owned subsidiary, AmerInst Insurance Company, Ltd. "APSL" means AmerInst Professional Services, Limited, a Delaware corporation and wholly owned subsidiary of AmerInst Mezco, Ltd. which is a wholly owned subsidiary of AmerInst. "Investco" means AmerInst Investment Company, Ltd., a wholly owned subsidiary of AMIC Ltd. Our principal offices are c/o Citadel Management Bermuda Limited, 25 Church Street, Continental Building, P.O. Box HM 1601, Hamilton, Bermuda, HM GX.

AmerInst Insurance Group, Ltd. is a Bermuda holding company formed in 1998 that provides insurance protection for professional service firms and engages in investment activities. AmerInst has two reportable segments: (1) reinsurance activity, which includes investments and other activities, and (2) insurance activity, which offers professional liability solutions to professional service firms. The revenues of the reinsurance activity reportable segment and the insurance activity reportable segment were $5,087,326 and $2,389,408, respectively, for the six months ended June 30, 2017 compared to $4,021,477 and $1,981,947, respectively, for the six months ended June 30, 2016. The revenues for both reportable segments were derived from business operations in the United States other than interest income on bank accounts maintained in Bermuda.

Entry into Agency Agreement

On September 25, 2009, APSL entered into an agency agreement (the “Agency Agreement”) with The North River Insurance Company, United States Fire Insurance Company, Crum & Forster Indemnity Company, Crum and Forster Insurance Company, and Crum & Forster Specialty Insurance Company (collectively, “C&F”) pursuant to which C&F appointed APSL as its exclusive agent for the purposes of soliciting, underwriting, quoting, binding, issuing, cancelling, non-renewing and endorsing accountants’ professional liability and lawyers’ professional liability insurance coverage in all 50 states of the United States and the District of Columbia. The initial term of the Agency Agreement was for four years with automatic one-year renewals thereafter. The Agency Agreement automatically renewed on September 25, 2016.

Entry into Reinsurance Agreement

We conduct our reinsurance business through AMIC Ltd., our subsidiary, which is a registered insurer in Bermuda. On September 25, 2009, AMIC Ltd. entered into a professional liability quota share agreement with C&F (the “Reinsurance Agreement”) pursuant to which C&F agreed to cede, and AMIC Ltd. agreed to accept as reinsurance, a 50% quota share of C&F’s liability under insurance written by APSL on behalf of C&F and classified by C&F as accountants’ professional liability and lawyers’ professional liability, subject to AMIC Ltd.’s surplus limitations. The term of the Reinsurance Agreement is continuous and may be terminated by either party upon at least 120 days’ prior written notice to the other party.

Historical Relationship with CAMICO

From June 1, 2005 through May 31, 2009, we were a party to a reinsurance contract with CAMICO Mutual Insurance Company (“CAMICO”), a California-based writer of accountants’ professional liability business.

We decided not to renew the CAMICO contract and permitted the contract to expire pursuant to its terms on May 31, 2009. We remain potentially liable for claims related to coverage through May 31, 2009.

Third-party Managers and Service Providers

Citadel Management Bermuda Limited (formerly Cedar Management Limited) provides the day-to-day services necessary for the administration of our business. Our agreement with Citadel Management Bermuda Limited renewed for one year beginning January 1, 2017 and ending December 31, 2017. Mr. Thomas R. McMahon, our Treasurer and Chief Financial Officer, is a shareholder, officer, director and employee of Citadel Management Bermuda Limited. Mr. Stuart Grayston, our President, was formerly a director and officer 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 Tower Wealth Managers, Inc. provide discretionary investment advice with respect to our equity investments. We have retained Oliver Wyman, an independent casualty actuarial consulting firm, to render advice regarding actuarial matters.

RESULTS OF OPERATIONS

Six months ended June 30, 2017 compared to six months ended June 30, 2016

We recorded net income of $647,512 for the six months ended June 30, 2017 compared to net income of $280,820 for the same period in 2016. The increase in net income was mainly attributable to the increase in commission income from $1,980,758 for the six months ended June 30, 2016 to $2,387,863 for the six months ended June 30, 2017 as a result of a higher volume of premiums written under the Agency Agreement. This was partially offset by the increase in operating and management expenses from $2,528,253 for the six months ended June 30, 2016 to $2,762,958 for the six months ended June 30, 2017, as discussed in further detail below.

Our net premiums earned for the six months ended June 30, 2017 were $4,001,139 compared to $3,116,435 for the six months ended June 30, 2016, an increase of $884,704 or 28.4%. The net premiums earned for the six months ended June 30, 2017 and 2016 were attributable to cessions from C&F under the Reinsurance Agreement. The increase in net premiums earned under the Reinsurance Agreement during the first six months of 2017 compared to the same period in 2016 resulted from increased cessions from C&F in 2017, arising from a higher level of underwriting activity under the Agency Agreement due to the continued marketing of the program by APSL which resulted in greater penetration in targeted markets.

During the six months ended June 30, 2017 and 2016, we recorded commission income under the Agency Agreement of $2,387,863 and $1,980,758, respectively, an increase of $407,105 or 20.6%. This increase resulted from a higher volume of premiums written under the Agency Agreement in 2017 due to the continued marketing of the program by APSL which resulted in greater penetration in the targeted markets.

We recorded net investment income of $236,160 for the six months ended June 30, 2017 compared to $146,117 for the six months ended June 30, 2016. The increase in net investment income was due to the increase in dividend income, which was attributable to a certain higher yielding equity security held in our investment portfolio during the six months of 2017 compared to the same period in 2016. The annualized investment yield, calculated as total interest and dividends divided by the net average amount of total investments and cash and cash equivalents, was 1.4% for the six months ended June 30, 2017, compared to the 1.1% yield earned for the six months ended June 30, 2016.

Sales of securities during the six months ended June 30, 2017 resulted in realized gains on investments net of impairment of $851,572 compared to $760,114 for the six months ended June 30, 2016, an increase of $91,458. The increase in realized gains primarily related to increased sales of equity securities in an unrealized gain position during the first six months of 2017 compared to the same period in 2016.

For the six months ended June 30, 2017, we recorded loss and loss adjustment expenses of $2,580,735 derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned under the Reinsurance Agreement of $4,001,139. For the six months ended June 30, 2016, we recorded loss and loss adjustment expenses of $2,041,266 derived by multiplying our estimated loss ratio of 65.5% and the net premiums earned under the Reinsurance Agreement of $3,116,435. The increase in loss and loss adjustment expense was primarily due to an increase in net premiums earned during the first six months of 2017 compared to the corresponding period in 2016, partially offset by a reduction of our estimated loss ratio. The decrease in the estimated loss ratio was primarily the result of better than expected loss emergence in policy year 2013.

We recorded policy acquisition costs of $1,480,015 for the six months ended June 30, 2017 compared to $1,153,085 for the same period in 2016. Policy acquisition costs, which are primarily ceding commissions paid to the ceding insurer, are established as a percentage of premiums earned; therefore, any increase or decrease in premiums earned will result in a similar increase or decrease in policy acquisition costs. The policy acquisition costs recorded during the six months ended June 30, 2017 and 2016 were 37% of the net premiums earned under the Reinsurance Agreement of $4,001,139 and $3,116,435, respectively.

We expensed operating and management expenses of $2,768,472 for the six months ended June 30, 2017 compared to $2,528,253 for the same period in 2016, an increase of $240,219 or 9.5%. The increase was primarily attributable to increased net commissions paid to outside brokers in association with the Agency Agreement.

The tables below summarize the results of the following AmerInst reportable segments: (1) reinsurance activity, which also includes investments and other activities, and (2) insurance activity, which offers professional liability solutions to professional service firms under the Agency Agreement with C&F.

	As of and for the Six Months Ended June 30, 2017		
	Reinsurance Segment	**Insurance Segment**	**Total**
Revenues	$ 5,087,326	$ 2,389,408	$ 7,476,734
Total losses and expenses	4,706,949	2,122,273	6,829,222
Segment income	380,377	267,135	647,512
Identifiable assets	—	228,452	228,452

	As of and for the Six Months Ended June 30, 2016		
	Reinsurance Segment	**Insurance Segment**	**Total**
Revenues	$ 4,021,477	$ 1,981,947	$ 6,003,424
Total losses and expenses	3,763,236	1,959,368	5,722,604
Segment income	258,241	22,579	280,820
Identifiable assets	—	126,911	126,911

Three months ended June 30, 2017 compared to three months ended June 30, 2016

We recorded net income of $216,411 during the second quarter of 2017 compared to net income of $228,331 for the same period in 2016. The decrease in net income was mainly attributable to the decrease in realized gains on investments net of impairment from $516,861 in the second quarter of 2016 to $373,316 in the second quarter of 2017 as a result of decreased sales of equity securities in an unrealized gain position during the second quarter of 2017 compared to the same period in 2016 and to the increase in operating and management expenses from $1,279,718 in the second quarter of 2016 to $1,376,574 in the second quarter of 2017. This was partially offset by the increase in commission income from $947,273 in the second quarter of 2016 to $1,172,819 in the second quarter of 2017 as a result of a higher volume of premiums written under the Agency Agreement

Our net premiums earned for the second quarter of 2017 were $2,208,528 compared to $1,500,827 for the second quarter of 2016, an increase of $707,701 or 47.2%. The net premiums earned during the quarters ended June 30, 2017 and 2016 were attributable to cessions from C&F under the Reinsurance Agreement. The increased cessions during the second quarter of 2017 compared to the second quarter of 2016 arose from a higher level of underwriting activity under the Agency Agreement due to the continued marketing of the program by APSL, which resulted in greater penetration in targeted markets.

For the quarters ended June 30, 2017 and 2016, we recorded commission income under the Agency Agreement of $1,172,819 and $947,273, respectively, an increase of $225,546 or 23.8%. This increase resulted from a higher volume of premiums written under the Agency Agreement in 2017.

We recorded net investment income of $85,493 for the quarter ended June 30, 2017 compared to $81,438 for the quarter ended June 30, 2016. The increase in net investment income was attributable to higher yielding fixed income securities held in the Company's investment portfolio during the second quarter of 2017 compared to the same period in 2016. The annualized investment yield, calculated as total interest and dividends divided by the net average amount of total investments and cash and cash equivalents, was 1.1% for the quarter ended June 30, 2017, compared to the 1.2% yield earned for the quarter ended June 30, 2016.

Sales of securities for the quarter ended June 30, 2017 resulted in realized gains on investments net of impairment of $373,316 compared to $516,861 during the quarter ended June 30, 2016, a decrease of $143,545 or 27.8%. The decrease in realized gains primarily related to decreased sales of equity securities in an unrealized gain position compared to 2016.

For the quarter ended June 30, 2017, we recorded loss and loss adjustment expenses of $1,424,500 derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned under the Reinsurance Agreement of $2,208,528. For the quarter ended June 30, 2016, we recorded loss and loss adjustment expenses of $983,043 derived by multiplying our estimated loss ratio of 65.5% and the net premiums earned under the Reinsurance Agreement of $1,500,827. The increase in loss and loss adjustment expense was primarily due to an increase in net premiums earned during the second quarter of 2017 compared to the corresponding period in 2016, partially offset by a reduction of our estimated loss ratio. The decrease in the estimated loss ratio was primarily the result of better than expected loss emergence in policy year 2013.

We recorded policy acquisition costs of $817,157 in the second quarter of 2017 compared to $555,307 for the same period in 2016. Policy acquisition costs, which are primarily ceding commissions paid to the ceding insurer, are established as a percentage of premiums earned; therefore, any increase or decrease in premiums earned will result in a similar increase or decrease in policy acquisition costs. The policy acquisition costs recorded during the second quarter of 2017 and 2016 were 37% of the net premiums earned under the Reinsurance Agreement of $2,208,528 and $1,500,827, respectively.

We incurred operating and management expenses of $1,382,088 in the second quarter 2017 compared to $1,279,718 for the same period in 2016, an increase of $102,370 or 8.0%. The increase was primarily attributable to increased sub commission costs in relation to sub produced business associated with the Agency Agreement.

The tables below summarize the results of the following AmerInst reportable segments: (1) reinsurance activity, which also includes investments and other activities, and (2) insurance activity, which offers professional liability solutions to professional service firms under the Agency Agreement with C&F.

	As of and for the Three Months Ended June 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	$ 2,666,576	$ 1,173,580	$ 3,840,156
Total losses and expenses	2,602,896	1,020,849	3,623,745
Segment income	63,680	152,731	216,411
Identifiable assets	—	228,452	228,452

	As of and for the Three Months Ended June 30, 2016		
	Reinsurance Segment	Insurance Segment	Total
Revenues	$ 2,098,538	$ 947,861	$ 3,046,399
Total losses and expenses	1,848,200	969,868	2,818,068
Segment income (loss)	250,338	(22,007)	228,331
Identifiable assets	—	126,911	126,911

FINANCIAL CONDITION

As of June 30, 2017, our total investments were $27,873,330, an increase of $1,345,365 or 5.1%, from $26,527,965 at December 31, 2016. This increase was primarily due to the increase in the fair value of certain equity securities as a result of favorable market conditions and to the purchase of additional equity securities with both net premiums received under the Reinsurance Agreement and positive cash inflows derived from net investment income. The cash and cash equivalents balance increased from $4,631,709 at December 31, 2016 to $5,251,270 at June 30, 2017, an increase of $619,561 or 13.4%. The amount of cash and cash equivalents varies depending on the maturities of fixed term investments and the level of funds invested in money market funds. The restricted cash and cash equivalents balance decreased from $23,392 at December 31, 2016 to $17,729 at June 30, 2017, a decrease of $5,663 or 24.2%. The decrease is due to the timing of sales and maturities of investments held as restricted cash at June 30, 2017 that have been reinvested. Other invested assets remained unchanged at $490,000 as of June 30, 2017 and December 31, 2016. The ratio of cash, total investments and other invested assets to total liabilities at June 30, 2017 was 1.67:1, compared to a ratio of 1.76:1 at December 31, 2016.

The assumed reinsurance balances receivable represents the current assumed premiums receivable less commissions payable to the fronting carriers. As of June 30, 2017, the balance was $1,506,216 compared to $1,285,126 as of December 31, 2016. The increase resulted from a higher level of premiums assumed under the Reinsurance Agreement during 2017.

The assumed reinsurance payable represents current reinsurance losses payable to the fronting carriers. As of June 30, 2017, the balance was $1,537 compared to $1,254,687 as of December 31, 2016. This balance fluctuates due to the timing of losses being reported to us.

Deferred policy acquisition costs, which represent the deferral of ceding commission expense related to premiums not yet earned, increased from $1,384,915 at December 31, 2016 to $1,726,807 at June 30, 2017. The increase in deferred policy acquisition costs in 2017 was due to the increase in both net premiums written and unearned premiums assumed under the Reinsurance Agreement compared to the prior year. The ceding commission rate under the Reinsurance Agreement is 37%.

Prepaid expenses and other assets were $1,709,710 at June 30, 2017 compared to $1,398,739 as of December 31, 2016. The balance primarily relates to (1) prepaid directors' and officers' liability insurance costs, (2) the prepaid directors' retainer, (3) prepaid professional fees and (4) premiums due to APSL under the Agency Agreement. The increase in the balance was partially attributable to the annual director fee payments to the Company's directors made in June 2017 relating to the period from June 1, 2017 to May 31, 2018.

Accrued expenses and other liabilities primarily represent premiums payable by APSL to C&F under the Agency Agreement and expenses accrued relating largely to professional fees. The balance increased from $4,035,617 at December 31, 2016 to $4,195,240 at June 30, 2017, an increase of $159,623 or 4.0%. This balance fluctuates due to the timing of the premium payments to C&F and payments of professional fees.

LIQUIDITY AND CAPITAL RESOURCES

Our cash needs consist of settlement of losses and expenses under our reinsurance treaties and funding day-to-day operations. In continuing the implementation of our business plan, our management expects to meet these cash needs from cash flows arising from our investment portfolio. Because substantially all of our assets are marketable securities, we expect that we will have sufficient flexibility to provide for unbudgeted cash needs that may arise from time to time without resorting to borrowing, subject to Bermuda statutory limitations as discussed in our 2016 Form 10-K.

Total cash, investments and other invested assets increased from $31,673,066 at December 31, 2016 to $33,632,329 at June 30, 2017, an increase of $1,959,263 or 6.2%. The net increase resulted primarily from positive cash inflows derived from net investment income and net premiums received under the Reinsurance Agreement in the amount of $1,197,558, partially offset by dividends of $303,919 paid during the first six month of 2017.

The Bermuda Monetary Authority has authorized Investco to purchase our common shares, on a negotiated basis, from shareholders who have died or retired from the practice of public accounting. During the six months ended June 30, 2017, no such transactions occurred. Through June 30, 2017, Investco had repurchased 191,896 common shares from shareholders who had died or retired for a total purchase price of $5,435,936. From time to time, Investco has also purchased shares in privately negotiated transactions. Through June 30, 2017, Investco had purchased an additional 75,069 common shares in such privately negotiated transactions for a total purchase price of $1,109,025. During the six months ended June 30, 2017, no such transactions occurred.

Cash Dividends

We paid dividends of $0.50 per share during the second quarter of 2017, which amounted to total ordinary cash dividends of $323,323. The dividends paid in 2017 have been reduced by $19,404, which represents a write-back of uncashed dividends issued prior to 2012 to shareholders that we have been unable to locate. Since we began paying dividends in 1995, our original shareholders have received $21.87 in cumulative dividends per share. When measured by a total rate of return calculation, this has resulted in an effective annual rate of return of approximately 8.7% from our inception, based on a per share purchase price of $8.33 paid by the original shareholders, and using an unaudited net book value of $29.16 per share as of June 30, 2017. Although we have paid cash dividends on a regular basis in the past, the declaration and payment of cash dividends in the future will be at the discretion of our board of directors and will depend on, among other things, our financial condition, results of operations, current and anticipated cash needs and other factors that our board of directors considers relevant.

OFF-BALANCE SHEET ARRANGEMENTS

AmerInst is not a party to any off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2016 and is incorporated herein by reference.

We have identified accounting for the liability for losses and loss adjustment expenses as our most critical accounting policy and estimate in that it is important to the portrayal of our financial condition and results, and it requires our subjective and complex judgment as a result of the need to make estimates about the effects of matters that are inherently uncertain. This accounting policy, including the nature of the estimates and types of assumptions used, are described throughout this Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Available Information

We file annual, quarterly, and current reports, proxy statements and other information with the Commission. You may read any public document we file with the Commission at the Commission’s public reference room at 100 F Street, NE, Washington, DC 20549. Please call the Commission at 1-800-SEC-0330 for information on the public reference room. The Commission maintains an internet site that contains annual, quarterly, and current reports, proxy and information statements and other information that issuers (including AmerInst) file electronically with the Commission. The Commission’s internet site is *www.sec.gov*.

Our internet site is *www.amerinst.bm*. We make available free of charge through our internet site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Commission. We also make available, through our internet site, via links to the Commission's internet site, statements of beneficial ownership of our equity securities filed by our directors, officers, 10% or greater shareholders and others under Section 16 of the Securities Exchange Act. In addition, we post on *www.amerinst.bm* our Memorandum of Association, our Bye-Laws, our Statement of Share Ownership Policy, Charters for our Audit Committee and Governance and Nominations Committee, as well as our Code of Business Conduct and Ethics. You can request a copy of these documents, excluding exhibits, at no cost, by writing or telephoning us c/o Citadel Management Bermuda Limited, 25 Church Street, Continental Building, P.O. Box HM 1601 Hamilton, Bermuda HM GX, Attention: Investor Relations (441) 295-6015. The information on our internet site is not incorporated by reference into this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 30, 2017, the end of the period covered by this Form 10-Q, our management, including our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer each concluded that as of June 30, 2017, the end of the period covered by this Form 10-Q, we maintained effective disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

Our management, including our Principal Executive Officer and Principal Financial Officer, has reviewed our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). There have been no significant changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings

We are party to various legal proceedings generally arising in the normal course of our business. While any proceeding contains an element of uncertainty, we do not believe that the eventual outcome of any litigation or arbitration proceeding to which we are presently a party will have a material adverse effect on our financial condition or business. Pursuant to our insurance and reinsurance agreements, disputes are generally required to be finally settled by arbitration.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our 2016 Annual Report on Form 10-K, as updated in our subsequent quarterly reports. The risks described in our 2016 Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On July 1, 2017, the Company issued an aggregate of 2,548 shares of its common stock out of the treasury shares held by Investco to the Company's directors as part of the directors' fees payable in respect of the directors' board service from the 2017 Annual General Meeting until the 2018 Annual General Meeting. These shares were issued in reliance upon one or more exemptions from the registration requirements under the Securities Act of 1933, as amended, including Rule 506 and Section 4(a)(2) thereunder.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Description
31.1	Certification of Stuart H. Grayston pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Thomas R. McMahon pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Stuart H. Grayston pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Thomas R. McMahon pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

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

Dated: August 15, 2017

AMERINST INSURANCE GROUP, LTD.
(Registrant)

By: /S/ STUART H. GRAYSTON
Stuart H. Grayston
President (Principal Executive Officer, duly authorized to sign this Report in such capacity and on behalf of the Registrant)

By: /S/ THOMAS R. MCMAHON
Thomas R. McMahon
Chief Financial Officer (Principal Financial Officer, duly authorized to sign this Report in such capacity and on behalf of the Registrant)

AMERINST INSURANCE GROUP, LTD.

INDEX TO EXHIBITS

Filed with the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2017

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Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stuart H. Grayston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AmerInst Insurance Group, Ltd.;

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

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

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

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

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

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

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

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

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

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

Date: August 15, 2017

/S/ STUART H. GRAYSTON

Stuart H. Grayston
President (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas R. McMahon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AmerInst Insurance Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2017

/S/ THOMAS R. MCMAHON

Thomas R. McMahon
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AmerInst Insurance Group, Ltd. (the “Company”) on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stuart H. Grayston, President and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ STUART H. GRAYSTON

Stuart H. Grayston
President (Principal Executive Officer)
August 15, 2017

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AmerInst Insurance Group, Ltd. (the "Company") on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas R. McMahon, Chief Financial Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ THOMAS R. MCMAHON

Thomas R. McMahon
Chief Financial Officer (Principal Financial Officer)
August 15, 2017