
**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 September 30, 2018.

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)

c/o Citadel Management Bermuda Limited
25 Church Street, Continental Building
P.O. Box HM 1601, Hamilton, Bermuda
(Address of Principal Executive Offices)

98-0207447
(I.R.S. Employer
Identification No.)

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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 November 1, 2018, 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 termination or nonrenewal of the Agency Agreement or Reinsurance Agreement with C&F;
- the legislative and administrative impact of the current United States 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 September 30, 2018	As of December 31, 2017
ASSETS		
Investments:		
Fixed maturity investments, at fair value (amortized cost \$14,523,210 and \$14,574,417)	\$14,251,513	\$14,510,627
Equity securities, at fair value (cost \$12,042,927 and \$10,411,747)	16,596,360	15,504,697
TOTAL INVESTMENTS	30,847,873	30,015,324
Cash and cash equivalents	4,891,898	5,008,138
Restricted cash and cash equivalents	735,777	710,818
Assumed reinsurance premiums receivable	2,868,769	2,375,629
Accrued investment income	89,015	83,345
Property and equipment	636,500	316,066
Deferred policy acquisition costs	2,031,461	1,622,676
Prepaid expenses and other assets	1,878,771	1,682,301
TOTAL ASSETS	\$43,980,064	\$41,814,297
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	\$12,601,969	\$11,228,507
Unearned premiums	5,489,945	4,385,354
Assumed reinsurance payable	1,940,182	1,883,879
Accrued expenses and other liabilities	4,460,250	4,610,781
TOTAL LIABILITIES	\$24,492,346	\$22,108,521
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common shares, \$1 par value, 2018 and 2017: 2,000,000 shares authorized, 995,253 issued and outstanding	\$ 995,253	\$ 995,253
Additional paid-in-capital	6,342,150	6,323,450
Retained earnings	20,863,976	15,812,419
Accumulated other comprehensive income	(271,697)	5,029,160
Shares held by Subsidiary (348,606 and 350,930 shares) at cost	(8,441,964)	(8,454,506)
TOTAL SHAREHOLDERS' EQUITY	19,487,718	19,705,776
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$43,980,064	\$41,814,297

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

AMERINST INSURANCE GROUP, LTD.

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

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017
REVENUE				
Net premiums earned	\$ 7,224,922	\$ 6,235,045	\$ 2,554,044	\$ 2,233,906
Commission income	4,091,561	3,551,532	1,334,352	1,163,669
Net investment income	267,908	306,002	92,215	69,842
Net realized gain on investments	895,340	1,128,344	567,054	276,772
TOTAL REVENUE	12,479,731	11,220,923	4,547,665	3,744,189
LOSSES AND EXPENSES				
Losses and loss adjustment expenses	4,660,077	4,022,703	1,647,362	1,441,968
Policy acquisition costs	2,673,143	2,306,793	944,994	826,778
Operating and management expenses	4,874,487	4,138,855	1,515,854	1,370,383
TOTAL LOSSES AND EXPENSES	12,207,707	10,468,351	4,108,210	3,639,129
NET INCOME BEFORE TAX	272,024	752,572	439,455	105,060
Income tax expense	—	—	—	—
NET INCOME AFTER TAX	\$ 272,024	\$ 752,572	\$ 439,455	\$ 105,060
OTHER COMPREHENSIVE (LOSS) INCOME				
Net unrealized holding (losses) gains arising during the period	(207,907)	2,015,649	(18,529)	720,612
Reclassification adjustment for gains included in net income	—	(1,128,344)	—	(276,772)
OTHER COMPREHENSIVE (LOSS) INCOME	(207,907)	887,305	(18,529)	443,840
COMPREHENSIVE INCOME	\$ 64,117	\$ 1,639,877	\$ 420,926	\$ 548,900
RETAINED EARNINGS, BEGINNING OF PERIOD	\$15,812,419	\$15,379,345	\$20,424,521	\$15,722,938
Net income	272,024	752,572	439,455	105,060
Dividends	(313,417)	(303,919)	—	—
Cumulative effect of adoption of accounting guidance (ASU 2016-01)	5,092,950	—	—	—
RETAINED EARNINGS, END OF PERIOD	\$20,863,976	\$15,827,998	\$20,863,976	\$15,827,998
Per share amounts				
Net Income per share				
Basic	\$ 0.42	\$ 1.16	\$ 0.68	\$ 0.16
Diluted	\$ 0.42	\$ 1.16	\$ 0.68	\$ 0.16
Dividends	\$ 0.50	\$ 0.50	\$ 0.00	\$ 0.00
Weighted average number of shares outstanding for the entire period				
Basic	645,485	647,922	646,647	649,196
Diluted	648,167	651,541	648,605	651,071

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)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
OPERATING ACTIVITIES		
Net Cash provided by Operating Activities	\$ 861,395	\$ 1,197,664
INVESTING ACTIVITIES		
Purchases of property and equipment	(396,674)	(91,544)
Purchases of available-for-sale securities	(6,035,248)	(6,448,153)
Proceeds from sales of available-for-sale securities	3,419,578	4,144,366
Proceeds from redemptions of hedge fund investments	3,085	75,160
Proceeds from redemptions of fixed maturity investments	—	691,540
Proceeds from maturities of fixed maturity investments	2,370,000	1,450,000
Net Cash used in provided by Investing Activities	<u>(639,259)</u>	<u>(178,631)</u>
FINANCING ACTIVITIES		
Dividends paid	(313,417)	(303,919)
Net Cash used in Financing Activities	<u>(313,417)</u>	<u>(303,919)</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(91,281)	715,114
CASH, CASH EQUIVALENTS AND RESTRCITED CASH AT BEGINNING OF PERIOD	\$ 5,718,956	\$ 4,655,101
CASH, CASH EQUIVALENTS AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 5,627,675</u>	<u>\$ 5,370,215</u>

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

AMERINST INSURANCE GROUP, LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018

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, 2017 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 2018

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, “Revenue from Contracts with Customers. ASU 2014-09 provided 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 for annual reporting periods beginning after December 15, 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.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230)—Classification of Certain Cash Receipts and Cash Payments” which addressed diversity in practice in how eight specific cash receipts and cash payments should be presented and classified on the statement of cash flows. This guidance was effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. As this guidance relates solely to financial statement disclosures, the adoption of ASU 2016-15, did not impact the Company’s results of operations, financial condition and liquidity.

Statement of Cash Flows—Restricted Cash

In November 2016, the FASB issued ASU 2016-18, which required that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU was effective for periods beginning after December 15, 2017.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU Update 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 changed current U.S. GAAP for public entities by requiring the following, among others: (1) equity securities, except those accounted for under the equity method of accounting, to be measured at fair value with changes in fair value recognized in net income; (2) the use of the exit price when measuring fair value of financial instruments for disclosure purposes; (3) an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value; and (4) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or notes to the financial statements. ASU 2016-01 was effective for annual periods beginning after December 15, 2017, including interim periods. Early application was permitted.

We adopted ASU 2016-01 on January 1, 2018. As a result, we recorded a cumulative-effect adjustment to increase beginning retained earnings by \$5.1 million, representing the unrealized appreciation on our equity investments with an offsetting adjustment to decrease accumulated other comprehensive income. All subsequent changes in fair value of our equity investments are recognized within realized and unrealized gains (losses) on the consolidated statement of operations. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance.

Accounting Standards Not Yet Adopted

Financial Instruments Credit Losses—Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, which amends the guidance on impairment of financial instruments and significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The ASU will replace the existing “incurred loss” approach, with an “expected loss” model for instruments measured at amortized cost and require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount under the existing other-than temporary-impairment model. The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. The ASU is effective for interim and annual reporting periods beginning after December 15, 2019. We are evaluating the impact of the adoption of this ASU, but we do not currently expect that adoption of this ASU will likely have a material impact on our consolidated financial statements.

Test for Goodwill Impairment

In January 2017, the FASB issued ASU 2017-04, which simplifies the accounting for goodwill impairments by eliminating Step 2 from the goodwill impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The ASU is effective for any interim and annual impairment tests for periods beginning after December 15, 2019. Early adoption is permitted for any interim and annual impairment tests occurring after January 1, 2017. We do not expect the adoption of this ASU to have a material impact on our consolidated financial statements.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU 2018-02 “Income Statement—Reporting Comprehensive Income (Topic 220)—Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” in response to a financial reporting issue that arose as a consequence of the U.S. federal government tax bill, H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (“U.S. Tax Reform”) which became law on December 22, 2017.

U.S. GAAP currently requires deferred tax liabilities and assets to be adjusted for the effect of a change in tax laws or rates with the effect included in income from continuing operations in the reporting period that includes the enactment date. This guidance is applicable even in situations in which the related income tax effects of items in accumulated other comprehensive income were originally recognized in other comprehensive income rather than in income from continuing operations. As the adjustment of deferred taxes due to the reduction of the historical corporate income tax rate to the newly enacted corporate income tax rate is required to be included in income from continuing operations, the tax effects of items within accumulated other comprehensive income (referred to as stranded tax effects for purposes of this Update) do not reflect the appropriate tax rate.

The amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from U.S. Tax Reform. Consequently, the amendments eliminate the stranded tax effects resulting from U.S. Tax Reform and will improve the usefulness of information reported to financial statement users. However, because the amendments only relate to the reclassification of the income tax effects of U.S. Tax Reform, the underlying guidance that requires the effect of a change in tax laws or rates be included in income from continuing operations is not affected.

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 September 30, 2018 and December 31, 2017 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>As of September 30, 2018</u>				
Fixed maturity investments:				
U.S. government agency securities	\$ 6,440,955	\$ —	\$(104,934)	\$ 6,336,021
Obligations of states and political subdivisions	1,915,053	4,220	(17,162)	1,902,111
Corporate debt securities	<u>6,167,202</u>	<u>—</u>	<u>(153,821)</u>	<u>6,013,381</u>
Total fixed maturity investments	14,523,210	4,220	(275,917)	14,251,513
Equity securities	12,037,570	4,782,643	(230,731)	16,589,482
Hedge fund	<u>5,357</u>	<u>1,521</u>	<u>—</u>	<u>6,878</u>
Total equity securities	12,042,927	4,784,164	(230,731)	16,596,360
Total investments	<u>\$26,566,137</u>	<u>\$4,788,384</u>	<u>\$(506,648)</u>	<u>\$30,847,873</u>
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>As of December 31, 2017</u>				
Fixed maturity investments:				
U.S. government agency securities	\$ 4,394,864	\$ 948	\$ (15,312)	\$ 4,380,500
Obligations of states and political subdivisions	3,984,633	18,065	(9,565)	3,993,133
Corporate debt securities	<u>6,194,920</u>	<u>367</u>	<u>(58,293)</u>	<u>6,136,994</u>
Total fixed maturity investments	14,574,417	19,380	(83,170)	14,510,627
Equity securities	10,403,952	5,098,001	(8,749)	15,493,204
Hedge fund	<u>7,795</u>	<u>3,698</u>	<u>—</u>	<u>11,493</u>
Total equity securities	10,411,747	5,101,699	(8,749)	15,504,697
Total investments	<u>\$24,986,164</u>	<u>\$5,121,079</u>	<u>\$ (91,919)</u>	<u>\$30,015,324</u>

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 September 30, 2018						
Fixed maturity investments:						
U.S. government agency securities	\$ 427,154	\$ (22,257)	\$ 5,908,868	\$ (82,677)	\$ 6,336,022	\$(104,934)
Obligations of states and political subdivisions	766,715	(16,696)	340,894	(466)	1,107,609	(17,162)
Corporate debt securities	2,730,492	(101,328)	3,282,888	(52,493)	6,013,380	(153,821)
Total fixed maturity investments	3,924,361	(140,281)	9,532,650	(135,636)	13,457,011	(275,917)
Equity securities	76,535	(4,847)	815,746	(225,884)	892,281	(230,731)
Hedge fund	—	—	—	—	—	—
Total equity securities	76,535	(4,847)	815,746	(225,884)	892,281	(230,731)
Total investments	\$4,000,896	\$(145,128)	\$10,348,396	\$(361,520)	\$14,349,292	\$(506,648)

	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, 2017						
Fixed maturity investments:						
U.S. government agency securities	\$ —	\$ —	\$ 3,424,024	\$ (15,312)	\$ 3,424,024	\$(15,312)
Obligations of states and political subdivisions	—	—	1,286,103	(9,565)	1,286,103	(9,565)
Corporate debt securities	2,794,836	(51,149)	1,974,024	(7,144)	4,768,860	(58,293)
Total fixed maturity investments	2,794,836	(51,149)	6,684,151	(32,021)	9,478,987	(83,170)
Equity securities	—	—	207,701	(8,749)	207,701	(8,749)
Hedge fund	—	—	—	—	—	—
Total equity securities	—	—	207,701	(8,749)	207,701	(8,749)
Total investments	\$2,794,836	\$(51,149)	\$ 6,891,852	\$(40,770)	\$ 9,686,688	\$(91,919)

As of September 30, 2018 and December 31, 2017, there were 49 and 29 securities in an unrealized loss position with an estimated fair value of \$14,349,292 and \$9,686,688, respectively. As of September 30, 2018 and December 31, 2017, 12 and seven of these securities had been in an unrealized loss position for 12 months or greater, respectively. As of September 30, 2018 and December 31, 2017, 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 values recover above the adjusted cost. The unrealized losses from these securities were not as a result of credit, collateral or structural issues.

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 September 30, 2018. 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 nine months ended September 30, 2018, 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.

If we conclude a fixed income investment 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 September 30, 2018 and December 31, 2017, relating to 36 and 23 fixed maturity securities, amounted to \$275,917 and \$83,170, 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 nine months ended and three months ended September 30, 2018, no other-than-temporary impairment charges were recorded.

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 September 30, 2018 and December 31, 2017 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.

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, 2017. 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 September 30, 2018 and December 31, 2017:

	Carrying amount	Total fair value	Fair value measurement using:		
			Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As of September 30, 2018					
U.S. government agency securities	\$ 6,336,021	\$ 6,336,021	\$ —	\$ 6,336,021	\$ —
Obligations of U.S. state and political subdivisions	1,902,111	1,902,111		1,902,111	
Corporate debt securities	6,013,381	6,013,381		6,013,381	
Total fixed maturity investments	14,251,513	14,251,513			
Equity securities (excluding the hedge fund)	16,589,482	16,589,482	16,589,482		
Total equity securities (excluding the hedge fund)	16,589,482	16,589,482			
Hedge fund measured at net asset value (a)	6,878	6,878			
Total investments	\$30,847,873	\$30,847,873	\$16,589,482	\$ 14,251,513	\$ —

	Carrying amount	Total fair value	Fair value measurement using:		
			Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As of December 31, 2017					
U.S. government agency securities	\$ 4,380,500	\$ 4,380,500	\$ —	\$ 4,380,500	\$ —
Obligations of U.S. state and political subdivisions	3,993,133	3,993,133		3,993,133	
Corporate debt securities	6,136,994	6,136,994		6,136,994	
Total fixed maturity investments	14,510,627	14,510,627			
Equity securities (excluding the hedge fund)	15,493,204	15,493,204	15,493,204		
Total equity securities (excluding the hedge fund)	15,493,204	15,493,204			
Hedge fund measured at net asset value (a)	11,493	11,493			
Total investments	\$30,015,324	\$30,015,324	\$15,493,204	\$ 14,510,627	\$ —

- (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 on the balance sheets.

There were no transfers between Levels 1 and 2 during the nine months ended September 30, 2018 and the year ended December 31, 2017.

Contractual Maturities

The cost or amortized cost and estimated fair value of fixed maturity investments as of September 30, 2018 and December 31, 2017 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 September 30, 2018		
Due in one year or less	\$ 3,085,969	\$ 3,079,224
Due after one year through five years	10,912,590	10,654,028
Due after five years through ten years	—	—
Due after ten years	524,651	518,261
Total	<u>\$14,523,210</u>	<u>\$14,251,513</u>
As of December 31, 2017		
Due in one year or less	\$ 1,970,793	\$ 1,971,237
Due after one year through five years	10,852,417	10,805,684
Due after five years through ten years	1,215,724	1,200,086
Due after ten years	535,483	533,620
Total	<u>\$14,574,417</u>	<u>\$14,510,627</u>

Information on sales and maturities of investments during the nine months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018	September 30, 2017
Total proceeds on sales of available-for-sale securities	\$ 3,419,578	\$ 4,144,366
Proceeds from redemptions of hedge fund investments	3,085	75,160
Proceeds from redemptions of fixed maturity investments	—	691,540
Total proceeds from maturities of fixed maturity investments	2,370,000	1,450,000
Gross gains on sales	1,448,841	1,245,755
Gross losses on sales	(13,983)	(18,493)
Impairment losses	—	(98,918)
Net unrealized losses on equity investments (1)	(539,518)	—
Net realized and unrealized gain (loss) on investments	<u>\$ 895,340</u>	<u>\$ 1,128,344</u>

Information on sales and maturities of investments during the three months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018	September 30, 2017
Total proceeds on sales of available-for-sale securities	\$ 489,440	\$ 1,115,439
Proceeds from redemptions of hedge fund investments	—	22,692
Proceeds from redemptions of fixed maturity investments	—	80,000
Total proceeds from maturities of fixed maturity investments	400,000	500,000
Gross gains on sales	135,997	366,562
Gross losses on sales	(13,367)	(16,144)
Impairment losses	—	(73,646)
Net unrealized losses on equity investments (1)	444,424	—
Net realized and unrealized gain (loss) on investments	<u>\$ 567,054</u>	<u>\$ 276,772</u>

(1) Effective January 1, 2018, the Company adopted ASU No. 2016-01. The change in fair value of equity securities is now recognized in net realized and unrealized gain (loss) on investment.

Net Investment Income

Major categories of net investment income during the nine months ended September 30, 2018 and 2017 are summarized as follows:

	September 30, 2018	September 30, 2017
Interest earned:		
Fixed maturity investments	\$ 249,287	\$ 187,541
Short term investments and cash and cash equivalents	10,876	14,488
Dividends earned	116,432	213,358
Investment expenses	(108,687)	(109,385)
Net investment income	<u>\$ 267,908</u>	<u>\$ 306,002</u>

Major categories of net investment income during the three months ended September 30, 2018 and 2017 are summarized as follows:

	September 30, 2018	September 30, 2017
Interest earned:		
Fixed maturity investments	\$ 83,688	\$ 64,440
Short term investments and cash and cash equivalents	5,287	3,139
Dividends earned	40,362	39,497
Investment expenses	(37,122)	(37,234)
Net investment income	<u>\$ 92,215</u>	<u>\$ 69,842</u>

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 nine months ended September 30, 2018 and 2017:

	2018	2017
Liability—beginning of period	\$11,228,507	\$ 8,941,991
Incurred related to:		
Current year	4,660,077	4,022,703
Prior years	—	—
Total incurred	<u>4,660,077</u>	<u>4,022,703</u>
Paid related to:		
Current year	(202,620)	(187,963)
Prior years	(3,083,995)	(2,198,297)
Total paid	<u>(3,286,615)</u>	<u>(2,386,260)</u>
Liability—end of period	<u>\$12,601,969</u>	<u>\$10,578,434</u>

As incurred losses for the nine months ended September 30, 2018 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 nine months ended September 30, 2018 and 2017.

	As of and for the Nine Months Ended September 30, 2018		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 8,385,269	\$ 4,094,462	\$ 12,479,731
Total losses and expenses	8,318,960	3,888,747	12,207,707
Segment income	66,309	205,715	272,024
Identifiable assets	—	636,500	636,500

	As of and for the Nine Months Ended September 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 7,667,097	\$ 3,553,826	\$ 11,220,923
Total losses and expenses	7,331,376	3,136,975	10,468,351
Segment income	335,721	416,851	752,572
Identifiable assets	—	269,789	269,789

The tables below summarize the results of our reportable segments as of and for the three months ended September 30, 2018 and 2017.

	As of and for the Three Months Ended September 30, 2018		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 3,212,326	\$ 1,335,339	\$ 4,547,665
Total losses and expenses	2,842,754	1,265,456	4,108,210
Segment income	369,572	69,883	439,455
Identifiable assets	—	636,500	636,500

	As of and for the Three Months Ended September 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 2,579,771	\$ 1,164,418	\$ 3,744,189
Total losses and expenses	2,624,427	1,014,702	3,639,129
Segment (loss) income	(44,656)	149,716	105,060
Identifiable assets	—	269,789	269,789

5. STOCK COMPENSATION

Protexure Insurance Agency Inc. (“Protexure”) (formerly AmerInst Professional Services, Limited), a subsidiary of AmerInst, has employment agreements with four key members of senior management, 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 nine months ended September 30, 2018, 1,477 phantom shares were granted, arising from the dividends declared on the Company’s common shares. During the three months ended September 30, 2018, no phantom shares were granted. 87,638 phantom shares were outstanding at September 30, 2018.

For three of these employees, 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, vested on January 1, 2018. The liability payable to each of 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.

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 September 30, 2018.

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, which represented the fair market value based on the net book value of the Company's common stock as of December 31, 2016. These options vest in five equal annual installments, which began on March 3, 2018. As of September 30, 2018, there were 7,000 option grants fully vested and exercisable. To date, the Company recognized \$47,230 of compensation expense for these stock options.

During the quarter ended March 31, 2018, 7,000 stock options were granted to five Protexure employees at a strike price of \$30.58, which represented the fair market value based on the net book value of the Company's common stock as of December 31, 2017. These options vest in five equal annual installments beginning on January 1, 2019. During the nine months ended September 30, 2018, the Company recognized \$7,668 of compensation expense for these stock options.

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 2017 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 2017 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. "Protexure" means Protexure Insurance Agency, Inc., 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 \$8,385,269 and \$4,094,462, respectively, for the nine months ended September 30, 2018 compared to \$7,667,097 and \$3,553,826, respectively, for the nine months ended September 30, 2017. 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, Protexure 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 Protexure 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, 2018.

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 Protexure 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.

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, 2018 and ending December 31, 2018. 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

Nine months ended September 30, 2018 compared to nine months ended September 30, 2017

We recorded a net income of \$272,024 for the nine months ended September 30, 2018 compared to net income of \$752,572 for the same period in 2017. The decrease in net income was mainly attributable to an increase in operating and management expenses of \$735,632—from \$4,138,855 for the nine months ended September 30, 2017 to \$4,874,487 for the nine months ended September 30, 2018 and to the decrease in net realized and unrealized gains on investments of \$233,004—from \$1,128,344 for the nine months ended September 30, 2017 to \$895,340 for the nine months ended September 30, 2018, as discussed in further detail below. This was partially offset by the increase in commission income of \$540,029—from \$3,551,532 for the nine months ended September 30, 2017 to \$4,091,561 for the nine months ended September 30, 2018 as a result of a higher volume of premiums written under the Agency Agreement.

Our net premiums earned for the nine months ended September 30, 2018 were \$7,224,922 compared to \$6,235,045 for the nine months ended September 30, 2017, an increase of \$989,877 or 15.9%. The net premiums earned for the nine months ended September 30, 2018 and 2017 were attributable to cessions from C&F under the Reinsurance Agreement. The increase in net premiums earned under the Reinsurance Agreement during the first nine months of 2018 compared to the same period in 2017 resulted from increased cessions from C&F in 2018, arising from a higher level of underwriting activity under the Agency Agreement due to the continued marketing of the program by Protexure which resulted in greater penetration in targeted markets.

During the nine months ended September 30, 2018 and 2017, we recorded commission income under the Agency Agreement of \$4,091,561 and \$3,551,532, respectively, an increase of \$540,029 or 15.2%. This increase resulted from a higher volume of premiums written under the Agency Agreement in 2018 due to the continued marketing of the program by Protexure which resulted in greater penetration in the targeted markets.

We recorded net investment income of \$267,908 for the nine months ended September 30, 2018 compared to \$306,002 for the nine months ended September 30, 2017. The decrease in net investment income was primarily due to the decrease in dividend income, which was attributable to a certain higher yielding equity security held in our investment portfolio during the nine months of 2017 compared to the same period in 2018. This decrease was partially offset by the increase in net interest earned, which was attributable to higher yielding fixed income securities held in the Company's investment portfolio during the first nine months of 2018 compared to the same period in 2017. 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 1.0% for the nine months ended September 30, 2018, compared to the 1.2% yield earned for the nine months ended September 30, 2017.

We recorded net realized and unrealized gains on investments of \$895,340 during the nine months ended September 30, 2018 compared to net realized gains of \$1,128,344 during the nine months ended September 30, 2017, a decrease of \$233,004 or 20.7%. The decrease was primarily related to the decrease in the fair value of our equity investments of \$539,518 during the first nine months ended September 30, 2018, which is attributable to unfavorable market conditions. As a result of our adoption of ASU-2016-01 on January 1, 2018, the changes in fair value of our equity investments subsequent to January 1, 2018 are recognized within net realized and unrealized gains (losses) on the consolidated statement of operations.

For the nine months ended September 30, 2018, we recorded loss and loss adjustment expenses of \$4,660,077 derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned under the Reinsurance Agreement of \$7,224,922. For the nine months ended September 30, 2017, we recorded loss and loss adjustment expenses of \$4,022,703 derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned under the Reinsurance Agreement of \$6,235,045. The increase in loss and loss adjustment expense was primarily due to an increase in net premiums earned during the first nine months of 2018 compared to the corresponding period in 2017.

We recorded policy acquisition costs of \$2,673,143 for the nine months ended September 30, 2018 compared to \$2,306,793 for the same period in 2017. 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 nine months ended September 30, 2018 and 2017 were 37% of the net premiums earned under the Reinsurance Agreement of \$7,224,922 and \$6,235,045, respectively.

We expensed operating and management expenses of \$4,874,487 for the nine months ended September 30, 2018 compared to \$4,138,855 for the same period in 2017, an increase of \$735,632 or 17.8%. The increase was primarily attributable to increased salaries and related costs associated with Protexure's hiring of additional personnel during 2018 and the last three months of 2017 and to increased net commissions paid to outside brokers in association with the Agency Agreement as a result of higher volume of premiums obtained from outside brokers during 2018 compared to 2017.

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 Nine Months Ended September 30, 2018		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 8,385,269	\$ 4,094,462	\$ 12,479,731
Total losses and expenses	8,318,960	3,888,747	12,207,707
Segment income	66,309	205,715	272,024
Identifiable assets	—	636,500	636,500

	As of and for the Nine Months Ended September 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 7,667,097	\$ 3,553,826	\$ 11,220,923
Total losses and expenses	7,331,376	3,136,975	10,468,351
Segment income	335,721	416,851	752,572
Identifiable assets	—	269,789	269,789

Three months ended September 30, 2018 compared to three months ended September 30, 2017

We recorded net income of \$439,455 during the third quarter of 2018 compared to net income of \$105,060 for the same period in 2017. The increase in net income was mainly attributable the increase in commission income of \$170,683—from \$1,163,669 in the third quarter of 2017 to \$1,334,352 in the third quarter of 2018 as a result of a higher volume of premiums written under the Agency Agreement and to the increase in net realized and unrealized gains on investments of \$290,282—from \$276,772 in the third quarter of 2017 to \$567,054 in the third quarter of 2018, as discussed in further detail below. This was partially offset by the increase in operating and management expenses of \$145,471—from \$1,370,383 in the third quarter of 2017 to \$1,515,854 in the third quarter of 2018.

Our net premiums earned for the third quarter of 2018 were \$2,554,044 compared to \$2,233,906 for the third quarter of 2017, an increase of \$320,138 or 14.3%. The net premiums earned during the quarters ended September 30, 2018 and 2017 were attributable to cessions from C&F under the Reinsurance Agreement. The increased cessions arose from a higher level of underwriting activity under the Agency Agreement due to the continued marketing of the program by Protexure, which resulted in increased penetration in targeted markets.

For the quarters ended September 30, 2018 and 2017, we recorded commission income under the Agency Agreement of \$1,334,352 and \$1,163,669, respectively, an increase of \$170,683 or 14.7%. This increase resulted from a higher volume of premiums written under the Agency Agreement in 2018.

We recorded net investment income of \$92,215 for the quarter ended September 30, 2018 compared to \$69,842, for the quarter ended September 30, 2017. The increase in net investment income was attributable to higher yielding fixed income securities held in the Company's investment portfolio during the third quarter of 2018 compared to the same period in 2017. 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 1.0% for the quarter ended September 30, 2018, compared to the .8% yield earned for the quarter ended September 30, 2017.

We recorded net realized and unrealized gains on investments of \$567,054 during the quarter ended September 30, 2018 compared to net realized gains of \$276,772 during the quarter ended September 30, 2017, an increase of \$290,282 or 104.9%. The increase was primarily related to the increase in the fair value of our equity investments of \$444,424 during the quarter ended September 30, 2018, which was attributable to favorable market conditions. As a result of our adoption of ASU-2016-01 on January 1, 2018, the changes in fair value of our equity investments subsequent to January 1, 2018 are recognized within net realized and unrealized gains (losses) on the consolidated statement of operations.

For the quarter ended September 30, 2018, we recorded loss and loss adjustment expenses of \$1,647,362 derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned under the Reinsurance Agreement of \$2,554,044. For the quarter ended September 30, 2017, we recorded loss and loss adjustment expenses of \$1,441,968 derived by multiplying our estimated loss ratio of 64.5% and the net premiums earned under the Reinsurance Agreement of \$2,233,906. The increase in loss and loss adjustment expense was due to an increase in net premiums earned during the third quarter of 2018 compared to the corresponding period in 2017.

We recorded policy acquisition costs of \$944,994 in the third quarter of 2018 compared to \$826,778 for the same period in 2017. 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 third quarter of 2018 and 2017 were 37% of the net premiums earned under the Reinsurance Agreement of \$2,554,044 and \$2,233,906, respectively.

We incurred operating and management expenses of \$1,515,854 in the third quarter 2018 compared to \$1,370,383 for the same period in 2017, an increase of \$145,471 or 10.6%. The increase was primarily attributable to increased salaries and related costs associated with Protexure's hiring of additional personnel during 2017 and 2018 and to increased net commissions paid to outside brokers in association with the Agency Agreement as a result of higher volume of premiums obtained from outside brokers during 2018 compared to 2017.

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 September 30, 2018		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 3,212,326	\$ 1,335,339	\$ 4,547,665
Total losses and expenses	2,842,754	1,265,456	4,108,210
Segment income	369,572	69,883	439,455
Identifiable assets	—	636,500	636,500

	As of and for the Three Months Ended September 30, 2017		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 2,579,771	\$ 1,164,418	\$ 3,744,189
Total losses and expenses	2,624,427	1,014,702	3,639,129
Segment (loss) income	(44,656)	149,716	105,060
Identifiable assets	—	269,789	269,789

FINANCIAL CONDITION

As of September 30, 2018, our total investments were \$30,847,873, an increase of \$832,549 or 2.8%, from \$30,015,324 at December 31, 2017. This increase was primarily due to the purchase of additional fixed income and equity securities with both net premiums received under the Reinsurance Agreement and positive cash inflows derived from net investment income. This was partially offset by the decrease in the fair value of certain equity securities as a result of unfavorable market conditions. The cash and cash equivalents balance decreased from \$5,008,138 at December 31, 2017 to \$4,891,898 at September 30, 2018, a decrease of \$116,240 or 2.3%. 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 increased from \$710,818 at December 31, 2017 to \$735,777 at September 30, 2018, an increase of \$24,959 or 3.5%. The increase was due to the timing of sales and maturities of investments held as restricted cash at September 30, 2018 that have been reinvested. The ratio of cash, total investments and other invested assets to total liabilities at September 30, 2018 was 1.49:1, compared to a ratio of 1.62:1 at December 31, 2017.

The assumed reinsurance balances receivable represents the current assumed premiums receivable from the fronting carriers. As of September 30, 2018, the balance was \$2,868,769 compared to \$2,375,629 as of December 31, 2017. The increase resulted from a higher level of premiums assumed under the Reinsurance Agreement during 2018.

The assumed reinsurance payable represents current reinsurance losses payable and commissions payable to the fronting carriers. As of September 30, 2018, the balance was \$1,940,182 compared to \$1,883,879 as of December 31, 2017. This balance fluctuates due to the timing of losses reported to us.

Deferred policy acquisition costs, which represent the deferral of ceding commission expense related to premiums not yet earned, increased from \$1,622,676 at December 31, 2017 to \$2,031,461 at September 30, 2018. The increase in deferred policy acquisition costs in 2018 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 \$1,878,771 at September 30, 2018 compared to \$1,682,301 as of December 31, 2017. The balance primarily relates to (1) prepaid directors' and officers' liability insurance costs, (2) the directors' prepaid annual retainer, (3) prepaid professional fees and (4) premiums due to Protexure 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 2018 relating to the period from June 1, 2018 to May 31, 2019.

Accrued expenses and other liabilities primarily represent premiums payable by Protexure to C&F under the Agency Agreement and expenses accrued relating largely to professional fees. The balance decreased from \$4,610,781 at December 31, 2017 to \$4,460,250 at September 30, 2018, a decrease of \$150,531 or 3.3%. 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 2017 Form 10-K.

Total cash, investments and other invested assets increased from \$35,734,280 at December 31, 2017 to \$36,475,548 at September 30, 2018, an increase of \$741,268 or 2.1%. The net increase resulted primarily from positive cash inflows derived from net investment activities and net premiums received under the Reinsurance Agreement in the amount of \$1,541,815, partially offset by unfavorable market conditions.

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 nine months ended September 30, 2018, no such transactions occurred. From inception through September 30, 2018, Investco had repurchased 201,069 common shares from shareholders who had died or retired for a total purchase price of \$5,687,643. From time to time, Investco has also purchased shares in privately negotiated transactions. From inception through September 30, 2018, 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 nine months ended September 30, 2018, no such transactions occurred.

Cash Dividends

We paid dividends of \$0.50 per share during the second quarter of 2018, which amounted to total ordinary cash dividends of \$322,162. The dividends paid in 2018 have been reduced by \$8,745, which represents a write-back of uncashed dividends issued prior to 2013 to shareholders that we have been unable to locate. Since we began paying dividends in 1995, our original shareholders have received \$22.37 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 8.6% 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 \$30.14 per share as of September 30, 2018. 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, subject to the requirements of applicable law, 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

The Company 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, 2017 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, 2017.

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 September 30, 2018, 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 September 30, 2018, 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 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 2017 Annual Report on Form 10-K, as updated in our subsequent quarterly reports. The risks described in our 2017 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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
31.1	<u>Certification of Stuart H. Grayston pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Thomas R. McMahon pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>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.</u>
32.2	<u>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.</u>
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: November 14, 2018

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)

**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: November 14, 2018

/s/ STUART H. GRAYSTON

Stuart H. Grayston

President (Principal Executive Officer)

**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: November 14, 2018

/s/ THOMAS R. MCMAHON

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

**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 September 30, 2018 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)
November 14, 2018

**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 September 30, 2018 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)

November 14, 2018