
**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, 2020.

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 every Interactive Data File required to be submitted 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 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

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 .

Securities registered pursuant to Section 12(b) of the Act: None.

As of August 1, 2020, 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:

- the magnitude and duration of the COVID-19 pandemic and its impact on the global economy, financial and insurance market conditions and our business, results of operations and financial condition;
- 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;
- a worsening global economic market and changing rates of inflation and other economic conditions;
- 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;
- 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;
- changes in Bermuda law or regulation or the political stability of Bermuda;
- 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, 2020	As of December 31, 2019
ASSETS		
Investments:		
Fixed maturity investments, at fair value (amortized cost \$15,666,805 and \$15,564,687)	\$ 16,205,591	\$ 15,668,317
Equity securities, at fair value (cost \$10,162,313 and \$10,889,683)	11,440,297	15,365,299
TOTAL INVESTMENTS	27,645,888	31,033,616
Cash and cash equivalents	5,042,529	6,589,810
Restricted cash and cash equivalents	1,227,924	1,169,805
Assumed reinsurance premiums receivable	2,888,481	5,695,847
Accrued investment income	129,678	104,935
Property and equipment	1,160,757	1,105,513
Deferred income taxes	2,472,000	2,564,000
Deferred policy acquisition costs	2,213,152	1,964,052
Prepaid expenses and other assets	2,001,387	2,019,622
TOTAL ASSETS	\$ 44,781,796	\$ 52,247,200
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	\$ 14,490,375	\$ 13,966,044
Unearned premiums	5,981,486	5,308,398
Assumed reinsurance payable	1,068,854	6,756,177
Accrued expenses and other liabilities	5,480,796	5,873,130
TOTAL LIABILITIES	\$ 27,021,511	\$ 31,903,749
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common shares, \$1 par value, 2020 and 2019: 2,000,000 shares authorized, 995,253 issued and outstanding	\$ 995,253	\$ 995,253
Additional paid-in-capital	6,454,626	6,465,776
Retained earnings	18,830,067	21,842,409
Accumulated other comprehensive income	538,786	103,630
Shares held by Subsidiary (369,576 and 369,576 shares) at cost	(9,058,447)	(9,063,617)
TOTAL SHAREHOLDERS' EQUITY	17,760,285	20,343,451
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 44,781,796	\$ 52,247,200

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

AMERINST INSURANCE GROUP, LTD.

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

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
REVENUE				
Net premiums earned	\$ 5,510,514	\$ 5,325,609	\$ 2,930,898	\$ 2,862,026
Commission income	3,105,297	2,945,488	1,467,696	1,389,684
Net investment income	208,835	229,652	97,024	106,610
Net realized and unrealized (loss) gain on investments	(2,752,862)	2,523,297	1,625,128	775,972
TOTAL REVENUE	6,071,784	11,024,046	6,120,746	5,134,292
LOSSES AND EXPENSES				
Losses and loss adjustment expenses	3,526,729	3,408,388	1,875,775	1,831,695
Policy acquisition costs	2,038,831	1,970,658	1,084,434	1,058,950
Operating and management expenses	3,426,311	3,502,531	1,664,027	1,770,889
TOTAL LOSSES AND EXPENSES	8,991,871	8,881,577	4,624,236	4,661,534
NET (LOSS) INCOME BEFORE TAX	(2,920,087)	2,142,469	1,496,510	472,758
Income tax (benefit) expense	92,255	(38,686)	31,255	(38,686)
NET (LOSS) INCOME AFTER TAX	\$ (3,012,342)	\$ 2,181,155	\$ 1,465,255	\$ 511,444
OTHER COMPREHENSIVE INCOME				
Net unrealized holding gains arising during the period	517,617	266,761	206,382	126,352
Reclassification adjustment for gains included in net (loss) income	(82,461)	—	—	—
OTHER COMPREHENSIVE INCOME	435,156	266,761	206,382	126,352
COMPREHENSIVE (LOSS) INCOME	\$ (2,577,186)	\$ 2,447,916	\$ 1,671,637	\$ 637,796
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 21,842,409	\$ 19,725,581	\$ 17,364,812	\$ 21,395,292
Net (loss) income	(3,012,342)	2,181,155	1,465,255	511,444
Dividends	—	(325,691)	—	(325,691)
RETAINED EARNINGS, END OF PERIOD	\$ 18,830,067	\$ 21,581,045	\$ 18,830,067	\$ 21,581,045
Per share amounts				
Net (loss) income per share				
Basic	\$ (4.81)	\$ 3.45	\$ 2.34	\$ 0.81
Diluted	\$ (4.81)	\$ 3.44	\$ 2.34	\$ 0.80
Dividends	\$ —	\$ 0.50	\$ —	\$ 0.50
Weighted average number of shares outstanding for the entire period				
Basic	625,677	631,305	625,677	632,554
Diluted	625,677	633,787	625,677	637,058

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

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, expressed in U.S. dollars)

As of June 30, 2020

	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Losses)	Shares Held by Subsidiary	Total Shareholders' Equity
BALANCE AT JANUARY 1, 2020	\$ 995,253	\$ 6,465,776	\$ 21,842,409	\$ 103,630	\$ (9,063,617)	\$ 20,343,451
Net loss	—	—	(4,477,597)	—	—	(4,477,597)
Stock option awards expense	—	(11,955)	—	—	—	(11,955)
Other comprehensive income						
Unrealized gains on securities, net of reclassification adjustment	—	—	—	228,774	—	228,774
Purchase of shares by subsidiary, net	—	—	—	—	5,170	5,170
BALANCE AT MARCH 31, 2020	\$ 995,253	\$ 6,453,821	\$ 17,364,812	\$ 332,404	\$ (9,058,447)	\$ 16,087,843
Net income	—	—	1,465,255	—	—	1,465,255
Stock option awards expense	—	805	—	—	—	805
Other comprehensive income						
Unrealized gains on securities, net of reclassification adjustment	—	—	—	206,382	—	206,382
BALANCE AT JUNE 30, 2020	\$ 995,253	\$ 6,454,626	\$ 18,830,067	\$ 538,786	\$ (9,058,447)	\$ 17,760,285

As of June 30, 2019

	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Losses)	Shares Held by Subsidiary	Total Shareholders' Equity
BALANCE AT JANUARY 1, 2019	\$ 995,253	\$ 6,393,730	\$ 19,725,581	\$ (218,348)	\$ (8,941,051)	\$ 17,955,165
Net income	—	—	1,669,711	—	—	1,669,711
Other comprehensive income						
Unrealized gains on securities, net of reclassification adjustment	—	—	—	140,409	—	140,409
BALANCE AT MARCH 31, 2019	\$ 995,253	\$ 6,393,730	\$ 21,395,292	\$ (77,939)	\$ (8,941,051)	\$ 19,765,285
Net income	—	—	511,444	—	—	511,444
Issuance of stock option awards	—	32,266	—	—	—	32,266
Other comprehensive income						
Unrealized gains on securities, net of reclassification adjustment	—	—	—	126,352	—	126,352
Purchase of shares by subsidiary, net	—	—	—	—	70,000	70,000
Dividends (\$.50 per share)	—	—	(325,691)	—	—	(325,691)
BALANCE AT JUNE 30, 2019	\$ 995,253	\$ 6,425,996	\$ 21,581,045	\$ 48,413	\$ (8,871,051)	\$ 20,179,656

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, 2020	Six Months Ended June 30, 2019
OPERATING ACTIVITIES		
Net Cash (used in) provided by Operating Activities	\$ (2,376,822)	\$ 1,040,966
INVESTING ACTIVITIES		
Purchases of property and equipment	(149,796)	(427,800)
Purchases of available-for-sale securities	(5,356,925)	(3,485,934)
Proceeds from sales of available-for-sale securities	2,084,199	1,802,726
Proceeds from redemptions of fixed maturity investments	3,100,012	—
Proceeds from maturities of fixed maturity investments	1,205,000	2,250,000
Net Cash provided by Investing Activities	<u>882,490</u>	<u>138,992</u>
FINANCING ACTIVITIES		
Dividends paid	—	(325,691)
Purchase of shares by subsidiary, net	5,170	—
Net Cash provided by (used in) Financing Activities	<u>5,170</u>	<u>(325,691)</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,489,162)	854,267
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	<u>\$ 7,759,615</u>	<u>\$ 5,971,046</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 6,270,453</u>	<u>\$ 6,825,313</u>

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

AMERINST INSURANCE GROUP, LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

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, 2019 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 2020

No new accounting standards adopted in 2020.

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 Company’s insurance premium balances receivables are also more significant financial assets within the scope of ASU 2016-13. The guidance requires financial assets to be presented at the net amount expected to be collected. The tentative effective date for the ASU is January 1, 2023. We do not expect the adoption of this ASU to have a material impact on our 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, 2020 and December 31, 2019 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2020				
Fixed maturity investments:				
U.S. government agency securities	\$ 2,331,794	\$ 57,823	\$ —	\$ 2,389,617
Obligations of U.S. states and political subdivisions	5,955,805	266,302	(1,166)	6,220,941
Corporate debt securities	7,379,206	215,827	—	7,595,033
Total fixed maturity investments	15,666,805	539,952	(1,166)	16,205,591
Equity securities	10,162,313	2,759,171	(1,481,187)	11,440,297
Total equity securities	10,162,313	2,759,171	(1,481,187)	11,440,297
Total investments	\$25,829,118	\$ 3,299,123	\$(1,482,353)	\$27,645,888
December 31, 2019				
Fixed maturity investments:				
U.S. government agency securities	\$ 4,731,181	\$ 38,524	\$ (1,086)	\$ 4,768,619
Obligations of U.S. states and political subdivisions	3,188,217	29,521	(5,936)	3,211,802
Corporate debt securities	7,645,289	45,080	(2,473)	7,687,896
Total fixed maturity investments	15,564,687	113,125	(9,495)	15,668,317
Equity securities	10,889,683	4,854,179	(378,563)	15,365,299
Total equity securities	10,889,683	4,854,179	(378,563)	15,365,299
Total investments	\$26,454,370	\$ 4,967,304	\$(388,058)	\$31,033,616

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
June 30, 2020						
Fixed maturity investments:						
U.S. government agency securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Obligations of states and political subdivisions	—	—	410,580	(1,166)	410,580	(1,166)
Corporate debt securities	—	—	—	—	—	—
Total fixed maturity investments	—	—	410,580	(1,166)	410,580	(1,166)
Equity securities	1,172,994	(629,553)	2,996,311	(851,634)	4,169,305	(1,481,187)
Total equity securities	1,172,994	(629,553)	2,996,311	(851,634)	4,169,305	(1,481,187)
Total investments	\$1,172,994	\$(629,553)	\$3,406,891	\$(852,800)	\$4,579,885	\$(1,482,353)

	12 months or greater		Less than 12 months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
December 31, 2019						
Fixed maturity investments:						
U.S. government agency securities	\$ —	\$ —	\$1,528,838	\$ (1,086)	\$1,528,838	\$ (1,086)
Obligations of states and political subdivisions	—	—	601,053	(5,936)	601,053	(5,936)
Corporate debt securities	743,360	(2,473)	—	—	743,360	(2,473)
Total fixed maturity investments	743,360	(2,473)	2,129,891	(7,022)	2,873,251	(9,495)
Equity securities	336,321	(119,313)	1,496,152	(259,250)	1,832,473	(378,563)
Total equity securities	336,321	(119,313)	1,496,152	(259,250)	1,832,473	(378,563)
Total investments	<u>\$1,079,681</u>	<u>\$(121,786)</u>	<u>\$3,626,043</u>	<u>\$(266,272)</u>	<u>\$4,705,724</u>	<u>\$(388,058)</u>

As of June 30, 2020 and December 31, 2019, there were one and eight fixed income securities in an unrealized loss position with an estimated fair value of \$410,580 and \$2,873,251, respectively. As of June 30, 2020 and December 31, 2019, none and two of these fixed income securities had been in an unrealized loss position for 12 months or greater, respectively. As of June 30, 2020 and December 31, 2019, none of the fixed income securities were considered to be other-than-temporarily-impaired. The Company has the intent to hold these fixed income securities and it is not more likely than not that the Company will be required to sell these fixed income securities before their fair values recover above the adjusted cost. The unrealized losses from these fixed income securities were not 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 June 30, 2020. 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.

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 June 30, 2020 and December 31, 2019, relating to one and eight fixed maturity securities, amounted to \$1,166 and \$9,495, 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 and three months ended June 30, 2020, 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 June 30, 2020 and December 31, 2019 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.

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, 2019. 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, 2020 and December 31, 2019:

	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)
June 30, 2020					
U.S. government agency securities	\$ 2,389,617	\$ 2,389,617	\$ —	\$ 2,389,617	\$ —
Obligations of U.S. state and political subdivisions	6,220,941	6,220,941		6,220,941	
Corporate debt securities	7,595,033	7,595,033		7,595,033	
Total fixed maturity investments	<u>16,205,591</u>	<u>16,205,591</u>			
Equity securities	11,440,297	11,440,297	11,440,297		
Total equity securities	<u>11,440,297</u>	<u>11,440,297</u>			
Total investments	<u>\$27,645,888</u>	<u>\$27,645,888</u>	<u>\$11,440,297</u>	<u>\$ 16,205,591</u>	<u>\$ —</u>

	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)
December 31, 2019					
U.S. government agency securities	\$ 4,768,619	\$ 4,768,619	\$ —	\$ 4,768,619	\$ —
Obligations of U.S. state and political subdivisions	3,211,802	3,211,802		3,211,802	
Corporate debt securities	7,687,896	7,687,896		7,687,896	
Total fixed maturity investments	<u>15,668,317</u>	<u>15,668,317</u>			
Equity securities	15,365,299	15,365,299	15,365,299		
Total equity securities	<u>15,365,299</u>	<u>15,365,299</u>			
Total investments	<u>\$31,033,616</u>	<u>\$31,033,616</u>	<u>\$15,365,299</u>	<u>\$ 15,668,317</u>	<u>\$ —</u>

There were no transfers between Levels 1 and 2 during the six months ended June 30, 2020 and the year ended December 31, 2019.

Contractual Maturities

The cost or amortized cost and estimated fair value of fixed maturity investments as of June 30, 2020 and December 31, 2019 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
June 30, 2020		
Due in one year or less	\$ 3,679,418	\$ 3,713,782
Due after one year through five years	9,748,209	10,120,009
Due after five years through ten years	1,778,689	1,892,373
Due after ten years	460,489	479,427
Total	<u>\$15,666,805</u>	<u>\$16,205,591</u>
December 31, 2019		
Due in one year or less	\$ 2,539,709	\$ 2,542,229
Due after one year through five years	12,518,738	12,619,593
Due after five years through ten years	506,240	506,495
Total	<u>\$15,564,687</u>	<u>\$15,668,317</u>

Information on sales and maturity of investments and net unrealized gains (losses) on equity investments during the six months ended June 30, 2020 and 2019 are as follows:

	June 30, 2020	June 30, 2019
Total proceeds on sales of available-for-sale securities	\$ 2,084,199	\$1,802,726
Proceeds from redemptions of fixed maturity investments	3,100,012	—
Total proceeds from maturities of fixed maturity investments	1,205,000	2,250,000
Gross gains on sales	829,688	522,735
Gross losses on sales	(384,918)	(93,604)
Net unrealized gains (losses) on equity investments	(3,197,632)	2,094,166
Total	<u>\$(2,752,862)</u>	<u>\$2,523,297</u>

Information on sales and maturity of investments and net unrealized gains (losses) on equity investments during the three months ended June 30, 2020 and 2019 are as follows:

	June 30, 2020	June 30, 2019
Total proceeds on sales of available-for-sale securities	\$ 516,681	\$1,627,022
Proceeds from redemptions of fixed maturity investments	1,267,932	—
Total proceeds from maturities of fixed maturity investments	—	1,000,000
Gross gains on sales	6,366	484,667
Gross losses on sales	(216,445)	(81,058)
Net unrealized gains (losses) on equity investments	1,835,207	372,363
Total	<u>\$1,625,128</u>	<u>\$ 775,972</u>

Net Investment Income

Major categories of net investment income during the six months ended June 30, 2020 and 2019 are summarized as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Interest earned:		
Fixed maturity investments	\$ 176,566	\$ 171,885
Short term investments and cash and cash equivalents	10,281	35,874
Dividends earned	87,985	93,972
Investment expenses	<u>(65,997)</u>	<u>(72,079)</u>
Net investment income	<u>\$ 208,835</u>	<u>\$ 229,652</u>

Major categories of net investment income during the three months ended June 30, 2020 and 2019 are summarized as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Interest earned:		
Fixed maturity investments	\$ 87,293	\$ 87,862
Short term investments and cash and cash equivalents	2,271	18,274
Dividends earned	45,253	46,495
Investment expenses	<u>(37,793)</u>	<u>(46,021)</u>
Net investment income	<u>\$ 97,024</u>	<u>\$ 106,610</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 six months ended June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Liability—beginning of year	\$ 13,966,044	\$ 12,989,260
Incurred related to:		
Current year	3,526,729	3,408,388
Prior years	—	—
Total incurred	<u>3,526,729</u>	<u>3,408,388</u>
Paid related to:		
Current year	—	(94,416)
Prior years	<u>(3,002,398)</u>	<u>(2,308,015)</u>
Total paid	<u>(3,002,398)</u>	<u>(2,402,431)</u>
Liability—end of year	<u>\$ 14,490,375</u>	<u>\$ 13,995,217</u>

As incurred losses for the six months ended June 30, 2020 are derived by multiplying our estimated loss ratio of 64.0% 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, 2020 and 2019.

	As of and for the Six Months Ended June 30, 2020		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 2,962,862	\$ 3,108,922	\$ 6,071,784
Total losses and expenses	6,190,518	2,893,608	9,084,126
Segment (loss) income	(3,227,656)	215,314	(3,012,342)
Identifiable assets	—	1,160,757	1,160,757

	As of and for the Six Months Ended June 30, 2019		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 8,052,556	\$ 2,971,490	\$ 11,024,046
Total losses and expenses	6,121,178	2,721,713	8,842,891
Segment income	1,931,378	249,777	2,181,155
Identifiable assets	—	1,056,273	1,056,273

The tables below summarize the results of our reportable segments as of and for the three months ended June 30, 2020 and 2019.

	As of and for the Three Months Ended June 30, 2020		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 4,652,755	\$ 1,467,991	\$ 6,120,746
Total losses and expenses	3,254,075	1,401,416	4,655,491
Segment income	1,398,680	66,575	1,465,255
Identifiable assets	—	1,160,757	1,160,757

	As of and for the Three Months Ended June 30, 2019		
	Insurance Segment	Insurance Segment	Insurance Segment
Revenues	\$ 3,731,115	\$ 1,403,177	\$ 5,134,292
Total losses and expenses	3,287,517	1,335,331	4,622,848
Segment income	443,598	67,846	511,444
Identifiable assets	—	1,056,273	1,056,273

5. STOCK COMPENSATION

Phantom Shares:

Protexure Insurance Agency, Inc. (“Protexure”), a subsidiary of AmerInst, has employment agreements with three key members of senior management, which grant them phantom shares of the Company. Under these agreements, these employees were initially granted an aggregate of 63,765 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, 2020, no phantom shares were granted. 76,403 phantom shares were outstanding at June 30, 2020 and December 31, 2019.

For these three employees, the phantom shares initially granted, as well as any additional shares granted from dividends declared, vested on January 1, 2015. 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 (i) the participant's death, termination of employment due to disability, retirement at or after age 65 or resignation for good reason, (ii) termination of the participant by the Company without cause, (iii) termination by Participant without good reason or (iv) change in control.

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, 2020.

Stock Option Plan:

The Company has a nonqualified stock option plan to advance the development, growth and financial condition of the Company. This plan provides incentives through participation in the appreciation of its common stock in order to secure, retain and motivate directors and employees and align such person's interests with those of its shareholders. A total of 100,000 shares are authorized under the stock option plan.

A summary of the status of the stock option plan as of June 30, 2020 is as follows:

	Vested Shares	Weighted Average Exercise Price Per Share	Non-vested Shares	Weighted Average Exercise Price Per Share	Total Shares	Weighted Average Exercise Price Per Share
Outstanding—January 1, 2020	16,400	\$ 28.34	28,600	\$ 28.65	45,000	\$ 28.54
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Vested	8,400	28.42	(8,400)	28.42	—	—
Outstanding—June 30, 2020	24,800	\$ 28.37	20,200	\$ 28.74	45,000	\$ 28.54
Options exercisable at year end	—	—	—	—	—	—
Weighted average fair value of options per share granted during the year	—	—	\$ —	—	\$ —	—
Remaining contractual life (years)	2.7		2.9		2.8	

A summary of the status of the stock option plan as of December 31, 2019 is as follows:

	Vested Shares	Weighted Average Exercise Price Per Share	Non-vested Shares	Weighted Average Exercise Price Per Share	Total Shares	Weighted Average Exercise Price Per Share
Outstanding—January 1, 2019	7,000	\$ 27.99	40,000	\$ 28.71	47,000	\$ 28.60
Granted	—	—	—	—	—	—
Forfeited	—	—	(2,000)	30.14	(2,000)	30.14
Exercised	—	—	—	—	—	—
Vested	9,400	28.60	(9,400)	28.60	—	—
Outstanding—December 31, 2019	16,400	\$ 28.34	28,600	\$ 28.65	45,000	\$ 28.54
Options exercisable at year end	—	—	—	—	—	—
Weighted average fair value of options per share granted during the year	—	—	\$ —	—	\$ —	—
Remaining contractual life (years)	3.2		3.3		3.3	

The Company accounts for these options in accordance with GAAP, which requires that the fair value of the equity awards be recognized as compensation expense over the period during which the employee is required to provide service in exchange for such an award. The Company is amortizing compensation expense over the vesting period, or five years. The Company recognized \$(11,150) and \$72,046 of compensation expense for stock options for the six months ended June 30, 2020 and for the year ended December 31, 2019, respectively.

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 2019 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 2019 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 \$2,962,862 and \$3,108,922, respectively, for the six months ended June 30, 2020 compared to \$8,052,556 and \$2,971,490, respectively, for the six months ended June 30, 2019. 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, 2019.

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 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, 2020 and ending December 31, 2020. Mr. Thomas R. McMahon, our Treasurer and Chief Financial Officer, is a shareholder, officer, director and employee of Citadel Management Bermuda 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.

Outlook

During the six months ended June 30, 2020, worldwide social and economic activity became severely impacted by the spread and threat of COVID-19. Actions to minimize risk to those employed with Protexure and those employed with our management company in Bermuda, Citadel Management Bermuda Limited, have been taken, including restricting travel and instituting extensive work-from-home protocols. This leveraged our existing operational contingency plans at every level of the organization, which ensured business process and control continuity. These actions have helped prevent major disruption to our clients and operations.

There was no significant impact on our insurance premiums and losses during the six months ended June 30, 2020 relating to the COVID-19 global pandemic nor do we anticipate, at this time, that this global catastrophic event will have a significant impact on our insurance premiums and losses in future quarters due to the types of insurance products we offer and our client base of professional service firms, among other factors. With regard to investments, our investment portfolios that hold equity securities incurred significant negative valuation adjustments during the first quarter of 2020 as spreads widened and perceived risks elevated as was reflected in first quarter financial results. During the second quarter of 2020, our investment portfolio partially recovered as markets responded to unprecedented monetary and fiscal stimulus in the U.S. and around the world. We expect there will be continued volatility for the remainder of the year.

The Company will continue to evaluate the impact of COVID-19 on its operations over the coming quarters.

RESULTS OF OPERATIONS

Six months ended June 30, 2020 compared to six months ended June 30, 2019

We recorded a net loss of \$3,012,342 for the six months ended June 30, 2020 compared to net income of \$2,181,155 for the same period in 2019. The decrease in net income was mainly attributable to the decrease in net realized and unrealized gains on investments of \$5,276,159 – from a gain of \$2,523,297 for the six months ended June 30, 2019 to a \$2,752,862 loss for the six months ended June 30, 2020, which is due to unfavorable market conditions attributable to the impact of the COVID-19 coronavirus pandemic on the worldwide economy. This was partially offset by the increase in commission income of \$159,809 – from \$2,945,488 for the six months ended June 30, 2019 to \$3,105,297 for the six months ended June 30, 2020 as a result of a higher volume of premiums written under the Agency Agreement.

Our net premiums earned for the six months ended June 30, 2020 were \$5,510,514 compared to \$5,325,609 for the six months ended June 30, 2019, an increase of \$184,905 or 3.5%. The net premiums earned for the six months ended June 30, 2020 and 2019 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 2020 compared to the same period in 2019 resulted from increased cessions from C&F in 2020, 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 six months ended June 30, 2020 and 2019, we recorded commission income under the Agency Agreement of \$3,105,297 and \$2,945,488, respectively, an increase of \$159,809 or 5.4%. This increase resulted from a higher volume of premiums written under the Agency Agreement in 2020 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 \$208,835 for the six months ended June 30, 2020 compared to \$229,652 for the six months ended June 30, 2019. The decrease in net investment income was attributable to a decrease in interest earned on short term investments and cash and cash equivalents as the result of lower interest rates in place during the first six months of 2020 compared to the same period in 2019. 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 1.2% for the six months ended June 30, 2020, compared to the 1.3% yield earned for the six months ended June 30, 2019.

We recorded a net realized and unrealized loss on investments of \$2,752,862 during the six months ended June 30, 2020 compared to net realized gains of \$2,523,297 during the six months ended June 30, 2019, a decrease of \$5,276,159 or 209.1%. The decrease was primarily related to the decrease in the fair value of our equity investments of \$3,197,632 during the six months ended June 30, 2020, due to unfavorable market conditions attributable to the impact of the COVID-19 coronavirus pandemic on the worldwide economy. During the first quarter of 2020, our investment portfolios that hold equity securities incurred significant negative valuation adjustments as spreads widened and perceived risks elevated as was reflected in first quarter financial results. During the second quarter of 2020, our investment portfolio partially recovered as markets responded to unprecedented monetary and fiscal stimulus in the U.S. and around the world.

For the six months ended June 30, 2020, we recorded loss and loss adjustment expenses of \$3,526,729 derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement of \$5,510,514. For the six months ended June 30, 2019, we recorded loss and loss adjustment expenses of \$3,408,388 derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement of \$5,325,609. The increase in loss and loss adjustment expense was due to an increase in net premiums earned during the six months ended June 30, 2020 compared to the corresponding period in 2019.

We recorded policy acquisition costs of \$2,038,831 for the six months ended June 30, 2020 compared to \$1,970,658 for the same period in 2019. 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, 2020 and 2019 were 37% of the net premiums earned under the Reinsurance Agreement of \$5,510,514 and \$5,325,609, respectively.

We expensed operating and management expenses of \$3,426,311 for the six months ended June 30, 2020 compared to \$3,502,531 for the same period in 2019, a decrease of \$76,220 or 2.2%. The decrease was primarily attributable to decreased board and committee meetings related expenses due to the reduction in physical meetings held during the second quarter as the result of travel restrictions imposed in relation to COVID-19.

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, 2020		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 2,962,862	\$ 3,108,922	\$ 6,071,784
Total losses and expenses	6,190,518	2,893,608	9,084,126
Segment (loss) income	(3,227,656)	215,314	(3,012,342)
Identifiable assets	—	1,160,757	1,160,757

	As of and for the Six Months Ended June 30, 2019		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 8,052,556	\$ 2,971,490	\$ 11,024,046
Total losses and expenses	6,121,178	2,721,713	8,842,891
Segment income	1,931,378	249,777	2,181,155
Identifiable assets	—	1,056,273	1,056,273

Three months ended June 30, 2020 compared to three months ended June 30, 2019

We recorded net income of \$1,465,255 for the three months ended June 30, 2020 compared to net income of \$511,444 for the same period in 2019. The increase in net income was mainly attributable to the increase in net realized and unrealized gains on investments of \$849,156 – from a \$775,972 gain for the three months ended June 30, 2019 to a \$1,625,128 gain for the three months ended June 30, 2020. The increase was primarily related to the increase in the fair value of our equity investments during the three months ended June 30, 2020 due to favorable market conditions attributable to the unprecedented monetary and fiscal stimulus in the U.S. and around the world to counter the negative impact of the COVID-19 coronavirus pandemic on the worldwide economy.

Our net premiums earned for the second quarter of 2020 were \$2,930,898 compared to \$2,862,026 for the second quarter of 2019, an increase of \$68,872 or 2.4%. The net premiums earned during the quarters ended June 30, 2020 and 2019 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 June 30, 2020 and 2019, we recorded commission income under the Agency Agreement of \$1,467,696 and \$1,389,684, respectively, an increase of \$78,012 or 5.6%. This increase resulted from a higher volume of premiums written under the Agency Agreement in 2020, as referred to above.

We recorded net investment income of \$97,024 for the quarter ended June 30, 2020 compared to \$106,610, for the quarter ended June 30, 2019. The decrease in net investment income was attributable to a decrease in interest earned on short term investments and cash and cash equivalents as the result of lower interest rates in place during the second quarter of 2020 compared to the same period in 2019. 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 1.2% for the quarters ended June 30, 2020 and 2019.

We recorded net realized and unrealized gains on investments of \$1,625,128 during the quarter ended June 30, 2020 compared to net realized and unrealized gains of \$775,972 during the quarter ended June 30, 2019, an increase of \$849,156 or 109.4%. The increase was primarily related to the increase in the fair value of our equity investments during the quarter ended June 30, 2020, due to favorable market conditions attributable to the unprecedented monetary and fiscal stimulus in the U.S. and around the world to counter the negative impact of the COVID-19 coronavirus pandemic on the worldwide economy.

For the quarter ended June 30, 2020, we recorded loss and loss adjustment expenses of \$1,875,775 derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement of \$2,930,898. For the quarter ended June 30, 2019, we recorded loss and loss adjustment expenses of \$1,831,695 derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement of \$2,862,026. The increase in loss and loss adjustment expense was due to an increase in net premiums earned during the three months ended June 30, 2020 compared to the corresponding period in 2019.

We recorded policy acquisition costs of \$1,084,434 in the second quarter of 2020 compared to \$1,058,950 for the same period in 2019. 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 2020 and 2019 were 37% of the net premiums earned under the Reinsurance Agreement of \$2,930,898 and \$2,862,026, respectively.

We incurred operating and management expenses of \$1,664,027 in the second quarter 2020 compared to \$1,770,889 for the same period in 2019, a decrease of \$106,862 or 6%. The decrease was primarily attributable to decreased board and committee meetings related expenses due to the reduction in physical meetings held during the second quarter as the result of travel restrictions imposed in relation to COVID-19.

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, 2020		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 4,652,755	\$ 1,467,991	\$ 6,120,746
Total losses and expenses	3,254,075	1,401,416	4,655,491
Segment income	1,398,680	66,575	1,465,255
Identifiable assets	—	1,160,757	1,160,757

	As of and for the Three Months Ended June 30, 2019		
	Insurance Segment	Insurance Segment	Insurance Segment
Revenues	\$ 3,731,115	\$ 1,403,177	\$ 5,134,292
Total losses and expenses	3,287,517	1,335,331	4,622,848
Segment income	443,598	67,846	511,444
Identifiable assets	—	1,056,273	1,056,273

FINANCIAL CONDITION

As of June 30, 2020, our total investments were \$27,645,888, a decrease of \$3,387,728 or 10.9%, from \$31,033,616 at December 31, 2019. This decrease was primarily due to the decrease in the fair value of certain equity securities as a result of unfavorable market conditions attributable to the impact of the COVID-19 coronavirus pandemic on the worldwide economy. The cash and cash equivalents balance decreased from \$6,589,810 at December 31, 2019 to \$5,042,529 at June 30, 2020, a decrease of \$1,547,281 or 23.5%. This decrease was primarily due to net losses paid under the Reinsurance Agreement during the six months ended June 30, 2020. The restricted cash and cash equivalents balance increased from \$1,169,805 at December 31, 2019 to \$1,227,924 at June 30, 2020, an increase of \$58,119 or 5%. The increase was due to the timing of sales and maturities of investments held as restricted cash at June 30, 2020 that have not been reinvested. The ratio of cash, total investments and other invested assets to total liabilities at June 30, 2020 was 1.26:1, compared to a ratio of 1.22:1 at December 31, 2019.

The assumed reinsurance balances receivable represents the current assumed premiums receivable from the fronting carriers. As of June 30, 2020, the balance was \$2,888,481 compared to \$5,695,847 as of December 31, 2019. This balance fluctuates due to the timing of the net premium received from C&F under the Reinsurance Agreement.

The assumed reinsurance payable represents current reinsurance losses payable and commissions payable to the fronting carriers. As of June 30, 2020, the balance was \$1,068,854 compared to \$6,756,177 as of December 31, 2019. 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 \$1,964,052 at December 31, 2019 to \$2,213,152 at June 30, 2020. The increase in deferred policy acquisition costs in 2020 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 \$2,001,387 at June 30, 2020 compared to \$2,019,622 as of December 31, 2019. 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. This balance fluctuates due to the timing of the prepayments and to the timing of the premium receipts by Protexure.

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 \$5,873,130 at December 31, 2019 to \$5,480,796 at June 30, 2020, a decrease of \$392,334 or 6.7%. 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 2019 Form 10-K.

Total cash, investments and other invested assets decreased from \$38,793,231 at December 31, 2019 to \$33,916,341 at June 30, 2020, a decrease of \$4,876,890 or 12.6%. The net decrease resulted primarily from the decrease in the fair value of certain equity securities as a result of unfavorable market conditions attributable to the impact of the COVID-19 coronavirus pandemic on the worldwide economy and to net losses paid under the Reinsurance Agreement.

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, 2020, no such transactions occurred. From inception through June 30, 2020, Investco had repurchased 224,538 common shares from shareholders who had died or retired for a total purchase price of \$6,379,286. From time to time, Investco has also purchased shares in privately negotiated transactions. From inception through June 30, 2020, 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, 2020, no such transactions occurred.

Cash Dividends

We paid no dividends during the six months ended June 30, 2020. Since we began paying dividends in 1995, our original shareholders have received \$22.87 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 8.3% 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 \$28.39 per share as of June 30, 2020. 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, 2019 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, 2019.

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, 2020, 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, 2020, 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 2019 Annual Report on Form 10-K, as updated in our subsequent quarterly reports. The risks described in our 2019 Annual Report on Form 10-K and our subsequent quarterly reports 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: August 13, 2020

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: August 13, 2020

/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: August 13, 2020

/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 June 30, 2020 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 13, 2020

**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, 2020 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 13, 2020