
**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, 2021.

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 Davies Captive Management 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) 295-2185
(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	<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 .

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

As of August 1, 2021, 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 (including the Delta variant) and its impact on the global and local economies, financial and insurance market conditions and our business, results of operations and financial condition;
- actual losses and loss expenses exceeding our loss reserves and increases in loss reserves, which are necessarily based on the actuarial and statistical projections of ultimate losses;
- our ability to comply with Bermuda statutory liquidity requirements may be adversely impacted by increases in loss reserves;
- changes in the amount of professional liability business accepted by our insurance company partners;
- adequacy of our risk management and loss limitation methods;
- 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 and liquidity 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;
- increased or decreased rate pressure on premiums;
- the successful integration of businesses we may acquire or new business ventures we may start;
- the effects of natural disasters, harsh weather conditions, widespread health emergencies, military conflict, terrorism, civil unrest or other geopolitical 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, 2021	As of December 31, 2020
ASSETS		
Investments:		
Fixed maturity investments, at fair value (amortized cost \$19,947,163 and \$19,761,231)	\$ 20,329,677	\$ 20,344,127
Equity securities, at fair value (cost \$1,600,849 and \$0)	1,682,929	—
TOTAL INVESTMENTS	22,012,606	20,344,127
Cash and cash equivalents	4,319,964	5,732,110
Restricted cash and cash equivalents	3,357,855	4,964,126
Assumed reinsurance premiums receivable	5,449,400	2,221,664
Accrued investment income	146,519	147,975
Property and equipment	999,337	1,098,420
Deferred income taxes	1,629,000	1,614,000
Deferred policy acquisition costs	1,092,315	724,509
Prepaid expenses and other assets	1,098,113	1,476,187
TOTAL ASSETS	\$ 40,105,109	\$ 38,323,118
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	\$ 18,599,051	\$ 20,936,677
Unearned premiums	3,531,192	4,622,666
Assumed reinsurance payable	9,471,281	3,175,098
Accrued expenses and other liabilities	2,609,758	3,689,620
TOTAL LIABILITIES	\$ 34,211,282	\$ 32,424,061
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common shares, \$1 par value, 2021 and 2020: 2,000,000 shares authorized, 995,253 issued and outstanding	\$ 995,253	\$ 995,253
Additional paid-in-capital	6,287,293	6,287,293
Retained earnings	7,501,263	7,250,194
Accumulated other comprehensive income	382,514	582,896
Shares held by Subsidiary (375,861 and 374,141 shares) at cost	(9,272,496)	(9,216,579)
TOTAL SHAREHOLDERS' EQUITY	5,893,827	5,899,057
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 40,105,109	\$ 38,323,118

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

AMERINST INSURANCE GROUP, LTD.

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

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
REVENUE				
Net premiums earned	\$ 4,319,211	\$ 5,510,514	\$ 2,248,830	\$ 2,930,898
Commission income	1,847,636	3,105,297	814,161	1,467,696
Net investment income	146,731	208,835	75,742	97,024
Net realized and unrealized gain (loss) on investments	82,081	(2,752,862)	51,523	1,625,128
TOTAL REVENUE	6,395,659	6,071,784	3,190,256	6,120,746
LOSSES AND EXPENSES				
Losses and loss adjustment expenses	2,764,294	3,526,729	1,439,250	1,875,775
Policy acquisition costs	826,457	2,038,831	568,870	1,084,434
Operating and management expenses	2,563,620	3,426,311	1,302,995	1,664,027
TOTAL LOSSES AND EXPENSES	6,154,371	8,991,871	3,311,115	4,624,236
NET INCOME (LOSS) BEFORE TAX	241,288	(2,920,087)	(120,859)	1,496,510
Income tax (benefit) expense	(9,781)	92,255	(27,781)	31,255
NET INCOME (LOSS) AFTER TAX	\$ 251,069	\$ (3,012,342)	\$ (93,078)	\$ 1,465,255
OTHER COMPREHENSIVE (LOSS) INCOME				
Net unrealized holding (losses) gains arising during the period	(200,382)	517,617	(13,600)	206,382
Reclassification adjustment for gains included in net income (loss)	—	(82,461)	—	—
OTHER COMPREHENSIVE (LOSS) INCOME	(200,382)	435,156	(13,600)	206,382
COMPREHENSIVE INCOME (LOSS)	\$ 50,687	\$ (2,577,186)	\$ (106,678)	\$ 1,671,637
RETAINED EARNINGS, BEGINNING OF PERIOD				
Net income (loss)	251,069	(3,012,342)	(93,078)	1,465,255
Dividends	—	—	—	—
RETAINED EARNINGS, END OF PERIOD	\$ 7,501,263	\$ 18,830,067	\$ 7,501,263	\$ 18,830,067
Per share amounts				
Net income (loss) per share				
Basic	\$ 0.40	\$ (4.81)	\$ (0.15)	\$ 2.34
Diluted	\$ 0.40	\$ (4.81)	\$ (0.15)	\$ 2.34
Dividends	\$ —	\$ —	\$ —	\$ —
Weighted average number of shares outstanding for the entire period				
Basic	620,252	625,677	619,392	625,677
Diluted	620,252	625,677	619,392	625,677

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, 2021

	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Losses)	Shares Held by Subsidiary	Total Shareholders' Equity
BALANCE AT JANUARY 1, 2021	\$ 995,253	\$ 6,287,293	\$ 7,250,194	\$ 582,896	\$ (9,216,579)	\$ 5,899,057
Net income	—	—	344,147	—	—	344,147
Other comprehensive loss						
Unrealized (loss) on securities, net of reclassification adjustment	—	—	—	(186,782)	—	(186,782)
BALANCE AT MARCH 31, 2021	\$ 995,253	\$ 6,287,293	\$ 7,594,341	\$ 396,114	\$ (9,216,579)	\$ 6,056,422
Net loss	—	—	(93,078)	—	—	(93,078)
Other comprehensive loss						
Unrealized (loss) on securities, net of reclassification adjustment	—	—	—	(13,600)	—	(13,600)
Purchase of shares by subsidiary, net	—	—	—	—	(55,917)	(55,917)
BALANCE AT JUNE 30, 2021	\$ 995,253	\$ 6,287,293	\$ 7,501,263	\$ 382,514	\$ (9,272,496)	\$ 5,893,827

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 gain 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 gain 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

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, 2021	Six Months Ended June 30, 2020
OPERATING ACTIVITIES		
Net Cash used in Operating Activities	\$ (1,064,717)	\$ (2,376,822)
INVESTING ACTIVITIES		
Purchases of property and equipment	(66,595)	(149,796)
Purchases of available-for-sale securities	(4,770,313)	(5,356,925)
Proceeds from sales of available-for-sale securities	—	2,084,199
Proceeds from redemptions of fixed maturity investments	603,125	3,100,012
Proceeds from maturities of fixed maturity investments	2,336,000	1,205,000
Net Cash (used in) provided by Investing Activities	<u>(1,897,783)</u>	<u>882,490</u>
FINANCING ACTIVITIES		
Dividends paid	—	—
Purchase of shares by subsidiary, net	(55,917)	5,170
Net Cash (used in) provided by Financing Activities	<u>(55,917)</u>	<u>5,170</u>
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(3,018,417)	(1,489,162)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	\$ 10,696,236	\$ 7,759,615
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 7,677,819</u>	<u>\$ 6,270,453</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, 2021

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, 2020 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 2021

No new accounting standards adopted in 2021.

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, 2021 and December 31, 2020 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2021				
Fixed maturity investments:				
U.S. government agency securities	\$ 1,973,324	\$ 29,249	\$ (7,842)	\$ 1,994,731
Obligations of U.S. states and political subdivisions	11,322,567	261,439	(30,072)	11,553,934
Corporate debt securities	6,651,272	148,957	(19,217)	6,781,012
Total fixed maturity investments	19,947,163	439,645	(57,131)	20,329,677
Equity securities	1,600,849	90,437	(8,357)	1,682,929
Total equity securities	1,600,849	90,437	(8,357)	1,682,929
Total investments	\$ 21,548,012	\$ 530,082	\$ (65,488)	\$ 22,012,606

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2020				
Fixed maturity investments:				
U.S. government agency securities	\$ 2,551,741	\$ 39,421	\$ —	\$ 2,591,162
Obligations of U.S. states and political subdivisions	10,157,542	337,695	—	10,495,237
Corporate debt securities	7,051,948	207,833	(2,053)	7,257,728
Total fixed maturity investments	19,761,231	584,949	(2,053)	20,344,127
Equity securities	—	—	—	—
Total equity securities	—	—	—	—
Total investments	\$ 19,761,231	\$ 584,949	\$ (2,053)	\$ 20,344,127

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, 2021						
Fixed maturity investments:						
U.S. government agency securities	\$ —	\$ —	\$ 813,925	\$ (7,842)	\$ 813,925	\$ (7,842)
Obligations of states and political subdivisions	—	—	3,309,869	(30,072)	3,309,869	(30,072)
Corporate debt securities	—	—	1,975,954	(19,217)	1,975,954	(19,217)
Total fixed maturity investments	—	—	6,099,748	(57,131)	6,099,748	(57,131)
Equity securities	—	—	188,867	(8,357)	188,867	(8,357)
Total equity securities	—	—	188,867	(8,357)	188,867	(8,357)
Total investments	\$ —	\$ —	\$ 6,288,615	\$ (65,488)	\$ 6,288,615	\$ (65,488)

	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, 2020						
Fixed maturity investments:						
U.S. government agency securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Obligations of states and political subdivisions	—	—	—	—	—	—
Corporate debt securities	—	—	789,106	(2,053)	789,106	(2,053)
Total fixed maturity investments	—	—	789,106	(2,053)	789,106	(2,053)
Equity securities	—	—	—	—	—	—
Total equity securities	—	—	—	—	—	—
Total investments	\$ —	\$ —	\$ 789,106	\$ (2,053)	\$ 789,106	\$ (2,053)

As of June 30, 2021 and December 31, 2020, there were 27 and three fixed income securities in an unrealized loss position with an estimated fair value of \$6,099,748 and \$789,106, respectively. As of June 30, 2021 and December 31, 2020, none of these fixed income securities had been in an unrealized loss position for 12 months or greater, respectively. As of June 30, 2021 and December 31, 2020, 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, 2021. 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, 2021 and December 31, 2020, relating to 27 and three fixed maturity securities, amounted to \$57,131 and \$2,053, 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, 2021, 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, 2021 and December 31, 2020 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 were classified as Level 1 in the fair value hierarchy. The Company had received 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, 2020. 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, 2021 and December 31, 2020:

	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, 2021					
U.S. government agency securities	\$ 1,994,731	\$ 1,994,731	\$ —	\$ 1,994,731	\$ —
Obligations of U.S. state and political subdivisions	11,553,934	11,553,934		11,553,934	
Corporate debt securities	6,781,012	6,781,012		6,781,012	
Total fixed maturity investments	20,329,677	20,329,677			
Equity securities	1,682,929	1,682,929	1,682,929		
Total equity securities	1,682,929	1,682,929			
Total investments	\$ 22,012,606	\$ 22,012,606	\$ 1,682,929	\$ 20,329,677	\$ —

	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, 2020					
U.S. government agency securities	\$ 2,591,162	\$ 2,591,162	\$ —	\$ 2,591,162	\$ —
Obligations of U.S. state and political subdivisions	10,495,237	10,495,237		10,495,237	
Corporate debt securities	7,257,728	7,257,728		7,257,728	
Total fixed maturity investments	20,344,127	20,344,127			
Equity securities	—	—			
Total equity securities	—	—			
Total investments	\$ 20,344,127	\$ 20,344,127	\$ —	\$ 20,344,127	\$ —

There were no transfers between Levels 1 and 2 during the six months ended June 30, 2021 and the year ended December 31, 2020.

Contractual Maturities

The cost or amortized cost and estimated fair value of fixed maturity investments as of June 30, 2021 and December 31, 2020 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, 2021		
Due in one year or less	\$ 2,873,751	\$ 2,912,356
Due after one year through five years	11,606,290	11,861,321
Due after five years through ten years	5,016,145	5,086,787
Due after ten years	450,977	469,213
Total	\$ 19,947,163	\$ 20,329,677
December 31, 2020		
Due in one year or less	\$ 2,623,260	\$ 2,637,533
Due after one year through five years	12,982,049	13,388,495
Due after five years through ten years	3,700,157	3,843,880
Due after ten years	455,765	474,219
Total	\$ 19,761,231	\$ 20,344,127

Information on sales and maturity of investments and net unrealized gains (losses) on equity investments during the six months ended June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020
Total proceeds on sales of available-for-sale securities	\$ —	\$ 2,084,199
Proceeds from redemptions of fixed maturity investments	603,125	3,100,012
Total proceeds from maturities of fixed maturity investments	2,336,000	1,205,000
Gross gains on sales	—	829,688
Gross losses on sales	—	(384,918)
Net unrealized (losses) gains on equity investments	82,081	(3,197,632)
Total	\$ 82,081	\$ (2,752,862)

Information on sales and maturity of investments and net unrealized gains (losses) on equity investments during the three months ended June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020
Total proceeds on sales of available-for-sale securities	\$ —	\$ 516,681
Proceeds from redemptions of fixed maturity investments	3,125	1,267,932
Total proceeds from maturities of fixed maturity investments	1,346,000	—
Gross gains on sales	—	6,366
Gross losses on sales	—	(216,445)
Net unrealized (losses) gains on equity investments	51,523	1,835,207
Total	<u>\$ 51,523</u>	<u>\$ 1,625,128</u>

Net Investment Income

Major categories of net investment income during the six months ended June 30, 2021 and 2020 are summarized as follows:

	June 30, 2021	June 30, 2020
Interest earned:		
Fixed maturity investments	\$ 168,189	\$ 176,566
Short term investments and cash and cash equivalents	4,272	10,281
Dividends earned	6,789	87,985
Investment expenses	(32,519)	(65,997)
Net investment income	<u>\$ 146,731</u>	<u>\$ 208,835</u>

Major categories of net investment income during the three months ended June 30, 2021 and 2020 are summarized as follows:

	June 30, 2021	June 30, 2020
Interest earned:		
Fixed maturity investments	\$ 83,151	\$ 87,293
Short term investments and cash and cash equivalents	3,383	2,271
Dividends earned	7,008	45,253
Investment expenses	(17,800)	(37,793)
Net investment income	<u>\$ 75,742</u>	<u>\$ 97,024</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, 2021 and 2020:

	June 30, 2021	June 30, 2020
Liability—beginning of year	\$ 20,936,677	\$ 13,966,044
Incurred related to:		
Current year	2,764,294	3,526,729
Prior years	—	—
Total incurred	<u>2,764,294</u>	<u>3,526,729</u>
Paid related to:		
Current year	(210,367)	—
Prior years	(4,891,553)	(3,002,398)
Total paid	<u>(5,101,920)</u>	<u>(3,002,398)</u>
Liability—end of year	<u>\$ 18,599,051</u>	<u>\$ 14,490,375</u>

As incurred losses for the six months ended June 30, 2021 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, 2021 and 2020.

	As of and for the Six Months Ended June 30, 2021		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 4,547,677	\$ 1,847,982	\$ 6,395,659
Total losses and expenses	4,258,668	1,885,922	6,144,590
Segment income (loss)	289,009	(37,940)	251,069
Identifiable assets	—	999,337	999,337

	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

The tables below summarize the results of our reportable segments as of and for the three months ended June 30, 2021 and 2020.

	As of and for the Three Months Ended June 30, 2021		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 2,376,009	\$ 814,247	\$ 3,190,256
Total losses and expenses	2,387,385	895,949	3,283,334
Segment (loss) income	(11,376)	(81,702)	(93,078)
Identifiable assets	—	999,337	999,337

	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

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, 2021, no phantom shares were granted. 76,403 phantom shares were outstanding at June 30, 2021 and December 31, 2020.

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, 2021.

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, 2021 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, 2021	25,300	\$ 28.40	19,700	\$ 28.71	45,000	\$ 28.54
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Vested	8,400	28.42	(8,400)	28.42	—	—
Outstanding—June 30, 2021	33,700	\$ 28.41	11,300	\$ 28.92	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)	1.7		2.0		1.8	

A summary of the status of the stock option plan as of December 31, 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	8,900	28.52	(8,900)	28.52	—	—
Outstanding—December 31, 2020	25,300	\$ 28.40	19,700	\$ 28.71	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)	2.2		2.3		2.3	

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 \$0 and \$(11,150) of compensation expense for stock options for the six months ended June 30, 2021 and 2020, 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 2020 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 2020 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. Our principal offices are c/o Davies Captive Management 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 \$4,547,677 and \$1,847,982, respectively, for the six months ended June 30, 2021 compared to \$2,962,862 and \$3,108,922, respectively, for the six months ended June 30, 2020. 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.

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, 2020.

In October 2020, C&F advised us to cease writing business in eight states under the Agency Agreement. We are currently brokering business with alternative carriers to write policies impacted by this directive.

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. Policies written by insurers other than C&F are not subject to the 50% quota share reinsurance to AMIC Ltd. 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.

Currently, we are in negotiations with C&F regarding a commutation of the Reinsurance Agreement. The negotiations are ongoing, but may result in changes to or the termination of the Reinsurance Agreement. The impact of any modification or termination of the Reinsurance Agreement would depend upon the nature and extent of any modification, the availability and terms of any replacement quota share agreement, and other factors and cannot be predicted at this time.

Third-party Managers and Service Providers

Davies Captive Management Limited provides the day-to-day services necessary for the administration of our business. Our agreement with Davies Captive Management Limited renewed for one year beginning January 1, 2021 and ending December 31, 2021. Mr. Thomas R. McMahon, our Treasurer and Chief Financial Officer, is an officer, director and employee of Davies Captive Management Limited.

Tower Wealth Managers, Inc. of Kansas City, Missouri, provides portfolio management of fixed income and equity securities and directs our investments pursuant to guidelines approved by us. We have retained Oliver Wyman, an independent casualty actuarial consulting firm, to render advice regarding actuarial matters.

RESULTS OF OPERATIONS

Six months ended June 30, 2021 compared to six months ended June 30, 2020

We recorded net income of \$251,069 for the six months ended June 30, 2021 compared to a net loss of \$3,012,342 for the same period in 2020. The increase in net income was mainly attributable to the increase in net realized and unrealized gains on investments of \$2,834,943 – from a \$2,752,862 loss for the six months ended June 30, 2020 to a \$82,081 gain for the six months ended June 30, 2021. The six months ended June 30, 2020 was significantly impacted by the unfavorable market conditions experienced during the period, which was attributable to the impact of the COVID-19 coronavirus pandemic on the worldwide economy. The increase in net income was also attributable to a decrease in operating and management expenses of \$862,691 – from \$3,426,311 for the six months ended June 30, 2020 to \$2,563,620 for the six months ended June 30, 2021, as discussed below. The increase in net income was partially offset by a decrease in commission income of \$1,257,661 – from \$3,105,297 for the six months ended June 30, 2020 to \$1,847,636 for the six months ended June 30, 2021, as also discussed below.

Our net premiums earned for the six months ended June 30, 2021 were \$4,319,211 compared to \$5,510,514 for the six months ended June 30, 2020, a decrease of \$1,191,303 or 21.6%. The net premiums earned during the six months ended June 30, 2021 and 2020 were attributable to cessions from C&F under the Reinsurance Agreement. The decrease in net premiums earned under the Reinsurance Agreement resulted from decreased cessions from C&F during the six months ended June 30, 2021, arising from a lower volume of underwriting activity under the Agency Agreement, attributable primarily to the October 2020 notice from C&F to cease writing business in eight states under the Agency Agreement. We are currently brokering business with alternative carriers to write policies impacted by this directive. Policies written by insurers other than C&F are not subject to the 50% quota share reinsurance to AMIC Ltd. under the Reinsurance Agreement.

During the six months ended June 30, 2021 and 2020, we recorded commission income under the Agency Agreement of \$1,847,636 and \$3,105,297, respectively, a decrease of \$1,257,661 or 40.5%. This decrease resulted from the lower volume of premiums written under the Agency Agreement during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, as discussed above.

We recorded net investment income of \$146,731 during the six months ended June 30, 2021 compared to \$208,835, for the six months ended June 30, 2020. 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 six months ended June 30, 2021 compared to the same period in 2020 and to a decrease in dividend income attributable the decrease in equity investments held in our investment portfolio during the six months ended June 30, 2021 compared to the same period in 2020. The decrease in net investment income was partially offset by a decrease in investment expenses during the six months ended June 30, 2021 compared to the same period in 2020 as a result of a decrease in investment management fees, which is attributable to the aforementioned decrease in equity investments held in our investment portfolio. 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% for the six months ended June 30, 2021, compared to the 1.2% yield earned for the six months ended June 30, 2020.

We recorded net realized and unrealized gains on investments of \$82,081 during the six months ended June 30, 2021 compared to net realized and unrealized losses of \$2,752,862 during the six months ended June 30, 2020, an increase of \$2,834,943 or 103%. The six months ended June 30, 2020 was significantly impacted by the unfavorable market conditions experienced during the period, which was attributable to the impact of the COVID-19 coronavirus pandemic on the worldwide economy.

For the six months ended June 30, 2021, we recorded loss and loss adjustment expenses of \$2,764,294 derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement of \$4,319,211. 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. The decrease in loss and loss adjustment expense was due to a decrease in net premiums earned during the six months ended June 30, 2021 compared to the corresponding period in 2020, as discussed above. Management's loss ratio of 64% for the six months ended June 30, 2021 considers, among other factors, (i) rate increases achieved in renewals (ii) a reduction in maximum policy limits and (iii) change in business mix by state.

We recorded policy acquisition costs of \$826,457 during the six months ended June 30, 2021 compared to \$2,038,831 for the same period in 2020. 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, subject to any premium deficiency. The policy acquisition costs recorded during the six months ended June 30, 2021 and 2020 were 19.1% and 37% of the net premiums earned under the Reinsurance Agreement of \$4,319,211 and \$5,510,514, respectively. The decrease to the percentage applied to net premiums earned during the six months ended June 30, 2021 was primarily attributable to the recording of a decrease in the previously established premium deficiency reserve from \$985,876 to \$214,224 or a decrease of \$771,652. The adjustment to this reserve was recorded as management believes that the sufficiency of the Company's unearned premium position in meeting future expected claims and expenses has improved during the six months ended June 30, 2021. The decrease in policy acquisition costs was also attributable to the decrease in premiums earned, as discussed above.

We incurred operating and management expenses of \$2,563,620 during the six months ended June 30, 2021 compared to \$3,426,311 for the same period in 2020, a decrease of \$862,691 or 25.2%. The decrease was primarily attributable to (i) decreased board and committee meetings related expenses due to the reduction in physical meetings held during the six months ended June 30, 2021 as the result of travel restrictions imposed in relation to COVID-1, (ii) decreased salaries and related costs associated with Protexure's reduction in personnel during 2020 and 2021 in its effort to reduce overall costs and (iii) decreased net commissions paid to outside brokers in association with the Agency Agreement as a result lower volume of premiums obtained from outside brokers during the six months ended June 30, 2021 compared to the same period in 2020.

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, 2021			
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 4,547,677	\$ 1,847,982	\$ 6,395,659
Total losses and expenses	4,258,668	1,885,922	6,144,590
Segment income (loss) income	289,009	(37,940)	251,069
Identifiable assets	—	999,337	999,337

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

Three months ended June 30, 2021 compared to three months ended June 30, 2020

We recorded a net loss of \$93,078 for the three months ended June 30, 2021 compared to net income of \$1,465,255 for the same period in 2020. The decrease in net income was mainly attributable to the decrease in net realized and unrealized gains on investments of \$1,573,605 – from \$1,625,128 for the three months ended June 30, 2020 to \$51,523 for the three months ended June 30, 2021. The net realized and unrealized gains on investments during the three months ended June 30, 2020 was primarily related to the increase in the fair value of our equity investments 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. The decrease in net income was also attributable to a decrease in commission income of \$653,535 – from \$1,467,696 for the three months ended June 30, 2020 to \$814,161 for the three months ended June 30, 2021, as discussed below. The decrease in net income was partially offset by a decrease in operating and management expenses of \$361,032 – from \$1,664,027 for the three months ended June 30, 2020 to \$1,302,995 for the three months ended June 30, 2021, as also discussed below.

Our net premiums earned for the second quarter of 2021 were \$2,248,830 compared to \$2,930,898 for the second quarter of 2020, a decrease of \$682,068 or 23.3%. The net premiums earned during the quarters ended June 30, 2021 and 2020 were attributable to cessions from C&F under the Reinsurance Agreement. The decrease in net premiums earned under the Reinsurance Agreement resulted from decreased cessions from C&F during the second quarter of 2021, arising from a lower volume of underwriting activity under the Agency Agreement, attributable primarily to the October 2020 notice from C&F to cease writing business in eight states under the Agency Agreement. We are currently brokering business with alternative carriers to write policies impacted by this directive. Policies written by insurers other than C&F are not subject to the 50% quota share reinsurance to AMIC Ltd. under the Reinsurance Agreement.

For the quarters ended June 30, 2021 and 2020, we recorded commission income under the Agency Agreement of \$814,161 and \$1,467,696, respectively, a decrease of \$653,535 or 44.5%. This decrease resulted from the lower volume of premiums written under the Agency Agreement during the second quarter of 2021 compared to the second quarter of 2020, as discussed above.

We recorded net investment income of \$75,742 for the quarter ended June 30, 2021 compared to \$97,024 for the quarter ended June 30, 2020. The decrease in net investment income was attributable to a decrease in dividend income attributable the decrease in equity investments held in our investment portfolio during the quarter ending June 30, 2021 compared to the same period in 2020. The decrease in net investment income was partially offset by a decrease in investment expenses during the quarter ended June 30, 2021 compared to the same period in 2020 as a result of a decrease in investment management fees, which is attributable to the aforementioned decrease in equity investments held in our investment portfolio. 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% for the quarter ended June 30, 2021, compared to the 1.2% yield earned for the quarter ended June 30, 2020.

We recorded net realized and unrealized gains on investments of \$51,523 during the quarter ended June 30, 2021 compared to net realized and unrealized gains of \$1,625,128 during the quarter ended June 30, 2020, a decrease of \$1,573,605 or 96.8%. The net realized and unrealized gains on investments during the three months ended June 30, 2020 was primarily related to the increase in the fair value of our equity investments 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, 2021, we recorded loss and loss adjustment expenses of \$1,439,250 derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement of \$2,248,830. 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. The decrease in loss and loss adjustment expense was due to a decrease in net premiums earned during the quarter ended June 30, 2021 compared to the corresponding period in 2020, as discussed above. Management's loss ratio of 64% for the quarter ending June 30, 2021 considers, among other factors, (i) rate increases achieved in renewals (ii) a reduction in maximum policy limits and (iii) change in business mix by state.

We recorded policy acquisition costs of \$568,870 in the second quarter of 2021 compared to \$1,084,434 for the same period in 2020. 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, subject to any premium deficiency. The policy acquisition costs recorded during the second quarter of 2021 and 2020 were 25.3% and 37% of the net premiums earned under the Reinsurance Agreement of \$2,248,830 and \$2,930,898, respectively. The decrease to the percentage applied to net premiums earned during the second quarter of 2021 was primarily attributable to the recording of a decrease in the previously established premium deficiency reserve from \$477,424 to \$214,224 or a decrease of \$263,200. The adjustment to this reserve was recorded as management believes that the sufficiency of the Company's unearned premium position in meeting future expected claims and expenses has improved during the second quarter of 2021. The decrease in policy acquisition costs was also attributable to the decrease in premiums earned, as discussed above.

We incurred operating and management expenses of \$1,302,995 in the second quarter of 2021 compared to \$1,664,027 for the same period in 2020, a decrease of \$361,032 or 21.7%. The decrease was primarily attributable to (i) decreased salaries and related costs associated with Protexure's reduction in personnel during 2020 and 2021 in its effort to reduce overall costs and (ii) decreased net commissions paid to outside brokers in association with the Agency Agreement as a result lower volume of premiums obtained from outside brokers during the second quarter of 2021 compared to the same period in 2020.

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, 2021		
	Reinsurance Segment	Insurance Segment	Total
Revenues	\$ 2,376,009	\$ 814,247	\$ 3,190,256
Total losses and expenses	2,387,385	895,949	3,283,334
Segment income	(11,376)	(81,702)	(93,078)
Identifiable assets	—	999,337	999,337

	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

FINANCIAL CONDITION

As of June 30, 2021, our total investments were \$22,012,606, an increase of \$1,668,479 or 8.2%, from \$20,344,127 at December 31, 2020. This increase was primarily due to the Company's decision to purchase approximately \$1.6 million in equity securities during the first and second quarters of 2021. The cash and cash equivalents balance decreased from \$5,732,110 at December 31, 2020 to \$4,319,964 at June 30, 2021, a decrease of \$1,412,146 or 24.6%. This decrease resulted primarily from cash outflows associated with the funding of our day-to-day operations. The restricted cash and cash equivalents balance decreased from \$4,964,126 at December 31, 2020 to \$3,357,855 at June 30, 2021, a decrease of \$1,606,271 or 32.4. The decrease was primarily due to the aforementioned purchase of equity securities during the first and second quarters of 2021.

The assumed reinsurance balances receivable represents the current assumed premiums receivable from the fronting carriers. As of June 30, 2021, the balance was \$5,449,400 compared to \$2,221,664 as of December 31, 2020. 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, 2021, the balance was \$9,471,281 compared to \$3,175,098 as of December 31, 2020. 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 \$724,509 at December 31, 2020 to \$1,092,315 at June 30, 2021. The increase in deferred policy acquisition costs in 2021 was due to the recording of a \$771,652 reduction to the previously established premium deficiency reserve, as discussed above, partially offset by the decrease in unearned premiums assumed under the Reinsurance Agreement compared to the prior year.

Prepaid expenses and other assets were \$1,098,113 at June 30, 2021 compared to \$1,476,187 as of December 31, 2020. 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 \$3,689,620 at December 31, 2020 to \$2,609,758 at June 30, 2021, a decrease of \$1,079,862 or 29.3%. 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 (i) settlement of losses and expenses, (ii) funding collateral obligation under our reinsurance treaties and (iii) funding day-to-day operations. During the continued implementation of our business plan, our management expects that our unrestricted cash balance will be sufficient to meet our cash needs to fund our day-to-day operations over the next twelve-month time period.

At June 30, 2021, AMIC Ltd. failed to meet its collateral obligations to C&F as AMIC Ltd. did not have sufficient restricted cash and cash equivalents and investments to meet this obligation. AMIC Ltd. and C&F are currently in discussions on this matter and are jointly seeking its resolution.

Total cash, investments and other invested assets decreased from \$31,040,363 at December 31, 2020 to \$29,690,425 at June 30, 2021, a decrease of \$1,349,938 or 4.3%. The net decrease resulted primarily from cash outflows associated with the funding of our day-to-day operations and to the decrease in the fair value of our fixed income security portfolio due to the widening of credit spreads, partially offset by cash inflows derived from net investment activities.

The Bermuda Monetary Authority has authorized AMIC Ltd. to purchase our common shares, on a negotiated basis, from shareholders who have died or retired from the practice of public accounting. During the quarter ended June 30, 2021, AMIC Ltd. purchased 1,720 common shares from these shareholders who had died or retired for a total purchase price of \$55,917. From inception through June 30, 2021, AMIC Ltd. had repurchased 232,979 common shares from shareholders who had died or retired for a total purchase price of \$6,653,703. From time to time, AMIC Ltd. has also purchased shares in privately negotiated transactions. From inception through June 30, 2021, AMIC Ltd. 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, 2021, no such transactions occurred.

Cash Dividends

We paid no dividends during the six months ended June 30, 2021. Since we began paying dividends in 1995, our original shareholders have received \$22.87 in cumulative dividends per share. 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, 2020 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, 2020.

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 Davies Captive Management Limited, 25 Church Street, Continental Building, P.O. Box HM 1601 Hamilton, Bermuda HM GX, Attention: Investor Relations (441) 295-2185. 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, 2021, 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, 2021, 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 2020 Annual Report on Form 10-K, as updated in our subsequent quarterly reports. The risks described in our 2020 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	Certification of Stuart H. Grayston pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Thomas R. McMahon pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Stuart H. Grayston pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Thomas R. McMahon pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) (1)
101.SCH	Inline XBRL Taxonomy Extension Schema Document (1)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (1)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (1)
104	Cover page Interactive Data File (formatted as Inline XBRL and combined in Exhibit 101.1)

(1) These interactive data file shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

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, 2021

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, 2021

/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, 2021

/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, 2021 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, 2021

**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, 2021 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, 2021