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

FORM 10-K

(Mark One)

☒ **Annual report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2021

or

☐ **Transition report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934**
For the transition period from ________ to _______ .

000-28249
(Commission file number)

AMERINST INSURANCE GROUP, LTD.

(Exact Name of Registrant as Specified in its Charter)

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

(441) 295-2185
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:
COMMON SHARES, PAR VALUE $1.00 PER SHARE
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "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 provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

As of March 1, 2022, the registrant had 995,253 common shares, $1.00 par value per share outstanding. The aggregate market value of the common stock held by non-affiliates of the Registrant as of the last business day of the Registrant's most recently completed second fiscal quarter was $5,893,827 based on book value as of June 30, 2021.

Documents Incorporated by Reference

	Incorporated By Reference In Part No.
Portions of the Company's Proxy Statement in connection with the Annual General Meeting of Shareholders to be held on June 2, 2022	III

Auditor Information

Auditor Name: Deloitte Ltd. **Auditor Location:** Hamilton Bermuda **Auditor Firm ID:** 5230

AMERINST INSURANCE GROUP, LTD.

Annual Report on Form 10-K
For the year ended December 31, 2021

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Introductory Note

Caution Concerning Forward-Looking Statements

Certain statements contained in this Form 10-K, 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 Part I, Item 1A. "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K, as well as:

- the magnitude and duration of the COVID-19 pandemic and its impact on the global and local economies, financial and insurance market conditions and our business, results of operations and financial condition;
- our ability to enter into new agency agreements with other carriers;
- changes in the amount of professional liability business accepted by our insurance company partners;
- our ability to generate increased revenues and positive earnings in future periods;
- 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 or an increase in the supply of professional liability insurance 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 insurance 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

Item 1. Business

General

Unless otherwise indicated by the context, in this annual report we refer to AmerInst Insurance Group, Ltd. and its subsidiaries as the "Company," "AmerInst," "we", "our" or "us." "AMIC Ltd." means AmerInst's wholly owned subsidiary, AmerInst Insurance Company, Ltd. "Protexure" means Protexure Insurance Agency, Inc. (formerly AmerInst Professional Services, Limited), a Delaware corporation and wholly owned subsidiary of AmerInst Mezco, Ltd. ("Mezco") which is a wholly owned subsidiary of AmerInst. "AMIG" means our predecessor entity, AmerInst Insurance Group, Inc., a Delaware corporation. 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., a Bermuda holding company, was formed in 1998. We are an insurance holding company based in Bermuda owned primarily by accounting firms, persons associated with accounting firms, and individual CPA practitioners. We were formed in response to concerns about the pricing and availability of accountants' professional liability insurance in a difficult or "hard" market. Our mission is to be a company that provides insurance protection for professional service firms and engages in investment activities. AmerInst has two operating segments: (1) reinsurance activity, which includes investments and other related activities, and (2) insurance activity, which offers professional liability solutions to professional service firms. The revenues of the reinsurance activity operating segment and the insurance activity operating segment were $3,213,768 and $3,405,122 for the year ended December 31, 2021 compared to $10,463,588 and $5,702,708 for the year ended December 31, 2020, respectively. The revenues for both operating segments were derived from business operations in the United States, other than interest income on bank accounts maintained in Bermuda. In 2021, the reinsurance segment of AmerInst ceased operations.

Agency Agreements with C&F and ISMIE

On September 25, 2009, Protexure entered into an agency agreement (the "C&F 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 C&F Agency Agreement was for four years with automatic one-year renewals thereafter. The C&F Agency Agreement automatically renewed on September 25, 2021.

In 2021, C&F and Protexure signed an addendum to the C&F Agency Agreement which terminates the C&F Agency Agreement effective March 31, 2022. Under the terms of the addendum, Protexure will be permitted to issue new and renewal professional liability policies on behalf of C&F with effective dates no later than March 31, 2022.

Effective January 1, 2022, Protexure entered into a Managing General Agency Agreement (the "ISMIE Agency Agreement") with Amwins Specialty Casualty Solutions, LLC. for policies written by ISMIE Mutual Insurance Company ("ISMIE"). Protexure will transition the lawyers and accountants' professional liability policies previously written with C&F to ISMIE. Certain policies will also be written by the Hanover Insurance Company.

Reinsurance Agreement

We previously conducted 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 were not subject to the 50% quota share reinsurance to AMIC Ltd. The term of the Reinsurance Agreement was continuous and could be terminated by either party upon at least 120 days' prior written notice to the other party.

During the third quarter of 2021, a commutation agreement effective as of March 31, 2021, was entered into by and between C&F and AMIC, Ltd. (the "Commutation Agreement"), whereby C&F and AMIC, Ltd. agreed to fully and finally settle and commute all their respective past, present and future obligations and liabilities, known and unknown, under the Reinsurance Agreement. In accordance with the Commutation Agreement, in full satisfaction of AMIC Ltd.'s past, present and future obligations and liabilities under the Reinsurance Agreement, an aggregate sum of $26,076,000 was paid by AMIC Ltd. to C&F in October 2021.

The entry into the Commutation Agreement resulted in a net gain of $147,333. This amount is included in losses and loss adjustment expenses in the Condensed Consolidated Statement of Operations.

Historical Relationship with CAMICO

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

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

During the first quarter of 2022, a Commutation Agreement, effective December 31, 2021, was entered into between CAMICO and AMIC, Ltd, whereby CAMICO and AMIC Ltd. agreed to fully and finally settle and commute all their respective past, present and future obligations and liabilities, known and unknown under the reinsurance contract between CAMICO and AMIC Ltd. In accordance with the Commutation Agreement, in full satisfaction of AMIC Ltd.'s past present and future obligations and liabilities under the reinsurance contract between CAMICO and AMIC Ltd., an aggregate sum of $15,000 is to be paid by AMIC Ltd. to CAMICO.

The entry into the Commutation Agreement resulted in a net gain of $26,398. This amount is included in losses and loss adjustment expenses in the Condensed Consolidated Statement of Operations.

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, 2022 and ending December 31, 2022. Mr. Thomas R. McMahon, our Treasurer and Chief Financial Officer, is an officer, director, and employee of Davies Captive Management Limited.

We have retained Oliver Wyman, an independent casualty actuarial consulting firm, to render advice regarding actuarial matters.

Competition

Our main competition comes from brokers and agents that service accountants and attorneys. For accountants, our primary insurance company competitors are CNA and CAMICO. In the lawyer professional liability insurance area, there are several competitors including CNA, Hanover, Travelers, Axis, Allied World and State Bar programs. The primary differentiating factors among the competition in our industry are price and quality of service. We believe that our focus on providing high-quality online or internet-based service to small- and medium-sized firms distinguishes us from larger competitors that may not be able to provide the same level of personalized service to clients.

Licensing and Regulation

AmerInst, through its wholly owned subsidiary, AMIC Ltd., is subject to regulation as an insurance company under the laws of Bermuda, where AMIC Ltd. and AmerInst are domiciled.

Protexure, a subsidiary of Mezco and a managing general underwriter responsible for offering professional liability solutions to professional service firms, has regulatory approval to act as an insurance agent in 50 states and the District of Columbia.

The rates and terms of reinsurance agreements generally are not subject to regulation by any governmental authority. This is in contrast to direct insurance policies, the rates and terms of which are subject to regulation by state insurance departments. As a practical matter, however, the rates charged by primary insurers place a limit upon the rates that can be charged by reinsurers.

Bermuda Regulation

AMIC Ltd., as a licensed Bermuda insurance company, is subject to regulation under the Insurance Act of 1978, as amended, and Related Regulations (collectively, the "Insurance Act"), which provide that no person shall conduct insurance business, including reinsurance, in or from Bermuda unless registered as an insurer under the Insurance Act by the Bermuda Monetary Authority ("BMA"). In deciding whether to grant registration, the BMA has discretion to act in the public interest. The BMA is required by the Insurance Act to determine whether an applicant for registration is a fit and proper body to be engaged in insurance business and, in particular, whether it has, or has available to it, adequate knowledge and expertise. In connection with registration, the BMA may impose conditions relating to the writing of certain types of insurance.

The Insurance Act requires, among other things, that Bermuda insurance companies meet and maintain certain standards of liquidity and solvency, file periodic reports in accordance with the Bermuda Statutory Accounting Rules, produce annual audited statutory financial statements and annual audited financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") or International Financial Reporting Standards ("IFRS") and maintain a minimum level of statutory capital and surplus. All Bermuda insurers must also comply with the BMA's Insurance Code of Conduct ("ICIC"). The ICIC establishes duties, requirements and standards to be complied with under the Act. Failure to comply with the requirements of the ICIC will be a factor taken into account by the BMA in determining whether an insurer is conducting its business in a sound and prudent manner under the Act. In general, the regulation of insurers in Bermuda relies heavily upon the directors and managers of a Bermuda insurer, each of whom must certify annually that the insurer meets the solvency, liquidity and capital requirements of the Insurance Act. AMIC Ltd. is also required to file a Commercial Insurer's Solvency Self-Assessment ("CISSA") and a financial condition report with the BMA. Furthermore, the BMA is vested with powers to supervise, investigate and intervene in the affairs of Bermuda insurance companies. Significant aspects of the Bermuda insurance regulatory framework are described below.

An insurer's registration may be canceled by the BMA on grounds specified in the Insurance Act, including the failure of the insurer to comply with the obligations of the Insurance Act or if, in the opinion of the BMA, the insurer has not been carrying on business in accordance with sound insurance principles.

Every registered insurer must appoint an independent auditor approved by the BMA. That auditor must annually audit and report on the statutory financial statements and the statutory financial return of the insurer, both of which are required to be filed annually with the BMA. The approved auditor may be the same person or firm that audits the insurer's financial statements and reports for presentation to its shareholders.

The Insurance Act provides that the statutory assets of an insurer must exceed its statutory liabilities by an amount greater than the prescribed minimum solvency margin. Pursuant to the Insurance Act, AMIC Ltd. is registered as a Class 3A insurer and, as such:

- is required to maintain a minimum solvency margin equal to the greatest of: (w) $1,000,000, (x) 20% of net premiums written in its current financial year up to $6,000,000 plus 15% of net premiums written in its current financial year over $6,000,000, (y) 15% of loss reserves, or (z) an enhanced capital requirement ("ECR"), which the applicable ECR is established by reference to either the Bermuda Solvency Capital Requirement, which employs a standard mathematical model that can relate more accurately the risks taken on by insurers to the capital that is dedicated to their business, or a BMA-approved internal capital model. In 2016, the BMA implemented an Economic Balance Sheet ("EBS") framework which was used as the basis to determine the ECR. AMIC Ltd.'s required and available statutory capital and surplus as at December 31, 2020 are based on this EBS framework.
- is required to annually file with the BMA a statutory financial return together with a copy of its statutory financial statements which includes a report of the independent auditor concerning its statutory financial statements, the capital and solvency return, a statutory declaration of compliance, an opinion of a loss reserve specialist in respect of its loss and loss expense provisions and audited annual financial statements or audited condensed financial statements prepared in accordance with U.S. GAAP or IFRS, all within four months following the end of the relevant financial year.
- is prohibited from declaring or paying any dividends during any financial year if it is in breach of its minimum solvency margin or minimum liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio (if it fails to meet its minimum solvency margin or minimum liquidity ratio on the last day of any financial year, it will be prohibited, without the approval of the BMA, from declaring or paying any dividends during the next financial year).
- is prohibited, without the approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year's financial statements.
- if it appears to the BMA that there is a risk of AMIC Ltd. becoming insolvent or that AMIC Ltd. is in violation of the Insurance Act or any conditions imposed upon AMIC Ltd.'s registration, the BMA may, in addition to the restrictions specified above, direct it not to declare or pay any dividends or any other distributions or may restrict AMIC Ltd. from making such payments to such extent as the BMA deems appropriate.

The BMA has also established a Class 3A insurer target capital level equal to 120% of the Class 3A ECR. The applicable ECR is established as discussed above. We are in compliance with these requirements.

The Insurance Act also provides a minimum liquidity ratio for general business. An insurer engaged in general business is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and time deposits, quoted investments, unquoted bonds and debentures, first liens on real estate, investment income due and accrued, accounts and premiums receivable and reinsurance balances receivable. There are certain categories of assets which, unless specifically permitted by the BMA, do not automatically qualify such as advances to affiliates, real estate and collateral loans. The relevant liabilities are total general business insurance reserves and total other liabilities less deferred income tax and sundry liabilities (by interpretation, those not specifically defined).

The BMA may appoint an inspector with extensive powers to investigate the affairs of an insurer if the BMA believes that an investigation is required in the interest of the insurer's policyholders or persons who may become policyholders. In order to verify or supplement information otherwise provided to an inspector, the BMA may direct an insurer to produce documents or information in relation to matters connected with the insurer's business.

If it appears to the BMA that there is a risk of an insurer becoming insolvent, or if the insurer is in violation of the Insurance Act or the regulations thereunder or of any condition imposed on its registration as an insurer, the BMA may impose limitations on the insurer's ability to conduct its business, including limiting new insurance business; prohibiting modifications to any insurance contract if the effect would be to increase the insurer's liabilities; restricting the insurer's to acquire or sell certain investments; restricting the insurer's ability to maintain in, or transfer to and to keep in the custody of, a specified bank, certain assets; restricting the declaration or payment of any dividends or other distributions or to restrict the making of such payments; or imposing limitations on the insurer's premiums.

As a Bermuda insurer, we are required to maintain a Principal Office in Bermuda and to appoint and maintain a Principal Representative in Bermuda. For the purpose of the Insurance Act, our Principal Representative in Bermuda is Davies Captive Management Limited and our Principal Office is c/o Davies Captive Management Limited, 25 Church Street, Continental Building, P.O. Box HM 1601, Hamilton HMGX, Bermuda. An insurer may only terminate the appointment of its Principal Representative for a reason acceptable to the BMA, and the Principal Representative may not cease to act as such, unless the BMA is given 21 days' advance notice in writing of its intention to do so. It is the duty of the Principal Representative, upon determining that there is a likelihood of the insurer for which it acts becoming insolvent or it coming the Principal Representative's knowledge, or having reason to believe, that an "event" has occurred, to provide verbal notification immediately, and make a report in writing to the BMA setting out all the particulars of the case that are available to the Principal Representative within 14 days. Examples of such an "event" include, but are not limited to, failure by the insurer to substantially comply with a condition imposed upon the insurer by the BMA relating to solvency margin or liquidity or other ratio.

The Economic Substance Act 2018 (the "ESA") was passed in Bermuda in December 2018 in response to the requirement of the European Union Code of Conduct Group (Business taxation) (the "EU Code Group") for companies incorporated in a jurisdiction to have sufficient economic substance in the jurisdiction. Under the provisions of the ESA, any Bermuda-registered entity engaged in a "relevant activity" (which includes insurance business and holding entity activities) must maintain a substantial economic presence in Bermuda. To the extent that the ESA applies to our entities registered in Bermuda, we will be required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

Except for business related to Protexure, our business is conducted from our Principal Office in Hamilton, Bermuda. The following business functions are conducted from our Bermuda offices: (i) communications with our shareholders, including financial reports; (ii) communications with the general public of a nature other than advertising; (iii) solicitation of the sale by us or any of our subsidiaries of shares in any of such entities; (iv) accepting subscriptions of new shareholders of the Company; (v) maintenance of principal corporate records and original books of account; (vi) audit of original books of account; (vii) disbursement of funds in payment of dividends, claims, legal fees, accounting fees, and officers' and directors' fees; (viii) arrangement for the meetings of our shareholders and directors and shareholders and directors of our subsidiaries; and (ix) execution of repurchases of our shares and shares of our subsidiaries. Except for the Protexure office, we do not maintain an office or place of business in the United States.

Our ability to pay dividends to our shareholders and to pay our operating expenses is dependent on cash dividends from our subsidiaries. AMIC Ltd.'s ability to pay dividends to AmerInst is subject to the provisions of the Bermuda insurance and companies laws and the requirement to provide the ceding companies with collateral. Under the Companies Act, AMIC Ltd. would be prohibited from declaring or paying a dividend if such payment would reduce the realizable value of its assets to an amount less than the aggregate value of its liabilities, issued share capital, and share premium accounts. In addition, AMIC Ltd. must be able to pay its liabilities as they become due in the ordinary course of its business, and fund its collateral obligations to ceded companies, after the payment of a dividend. The payment of such dividends by AMIC Ltd. to us is also limited under Bermuda law by the Insurance Act and Related Regulations which require that AMIC Ltd. maintain minimum levels of solvency and liquidity as described above. For the years ended December 31, 2021 and 2020 these requirements have been met as follows:

	Statutory Capital & Surplus		Relevant Assets	
	Minimum	**Actual**	**Minimum**	**Actual**
December 31, 2021	$ 1,000,000	$ 13,589,876	$ —	$ 619,096
December 31, 2020	$ 3,140,502	$ 24,746,999	$ 21,550,831	$ 28,678,753

At December 31, 2021, approximately $.6 million was available for the declaration of dividends by AMIC Ltd. to us. Management expects that any dividend AMIC, Ltd. declares to us over the next twelve-month time period will be utilized entirely by us to fund our day-to-day operations. Therefore, as of December 31, 2021, no amount was available for the declaration of dividends by us to our shareholders.

Customers

Our only sources of income are our C&F Agency Agreement and the ISMIE Agency Agreement, which is replacing the C&F Agency Agreement. Without such an agency agreement, we believe additional capital would need to be raised through external means to continue operations while we evaluated other insurance opportunities.

Human Capital

We are dedicated to creating personal relationships with our customers and discovering solutions that are right for them. Our employees are critical to achieving this mission and it is crucial that we continue to attract and retain experienced employees. As part of these efforts, we strive to offer a competitive compensation and benefits program and foster a community where everyone feels included and empowered to do to their best work.

At December 31, 2021, Protexure had 18 employees, 16 full-time salaried employees and 2 employees who were paid hourly wages. Neither AmerInst, nor any of AmerInst's other subsidiaries have any employees. As of January 30, 2022, approximately 66% of our workforce was female while 34% was male, and our average tenure was approximately 6.5 years. See the section of this Form 10-K captioned "Third-party Managers and Service Providers" on page 5 of this Annual Report on Form 10-K for further information.

Diversity and Inclusion. We believe that an equitable and inclusive environment with diverse teams produces more creative solutions, results in better services and is crucial to our efforts to attract and retain key talent. We strive to promote inclusion through our corporate values of which include treating each other with respect and integrity, open communication throughout organization, being passionate about understanding our customer needs, creating win-win relationships with our company partners and a personal commitment to continuous learning and improving. We are focused on building an inclusive culture through a variety of diversity and inclusion initiatives, including related to internal promotions, and hiring practices.

Health and Safety. The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety and wellness of our employees. We provide our employees and their families with access to a variety of flexible and convenient health and welfare programs, including benefits that support their physical and mental health by providing tools and resources to help them improve or maintain their health status. Where possible, we offer choices to our employees so they can customize their benefits to meet their needs and the needs of their families. In response to the COVID-19 pandemic, we implemented significant operating environment changes that we determined were in the best interest of our employees and the communities in which we operate, and that were designed to comply with government regulations. This includes having the majority of our employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

Loss Reserves

Our loss reserves, changes in aggregate reserves for the last two years, and loss reserve development as of the end of each of the last 10 years, are discussed in Item 7 of this Report, "Management's Discussion and Analysis of Financial Condition and Results of Operations," Note 2 to our Consolidated Financial Statements included in Item 8 of this Report and Note 8 to our Consolidated Financial Statements.

Seasonality

We do not believe that either of our operating segments are seasonal in nature to a material degree.

Available Information

We file annual, quarterly, and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC" or the "Commission"). You may read any 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 also 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. You will need to have on your computer the Adobe Acrobat Reader® software to view these documents, which are in PDF format. If you do not have Adobe Acrobat Reader®, a link to Adobe's internet site, from which you can download the software, is provided. 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 HMGX, Attention: Investor Relations (441) 295-2185. The information on our internet site is not incorporated by reference into this report.

Item 1A. Risk Factors

You should consider carefully the following risk factors before deciding whether to invest in our common stock. Our business, including our operating results and financial condition, could be harmed by any of these risks. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business. The value of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks, you should also refer to the other information contained in our filings with the SEC, including our financial statements and related notes.

Industry, Economic and Financial Risks

Our industry is highly competitive, and we may not be able to compete successfully in the future.

Our industry is highly competitive and subject to pricing cycles that can be pronounced. We compete solely in the United States insurance markets. Most of our competitors have greater financial resources than we do and have established long term and continuing business relationships throughout the industry, which can be a significant competitive advantage. If we are unable to successfully compete against these companies our profitability could be adversely affected.

Adverse changes in the economy generally, like we are experiencing, may materially and adversely affect our business and results of operations, and these conditions may not improve in the near future.

As seen with the recent COVID-19 pandemic, adverse changes in market conditions and stability of the global credit markets present risks and uncertainties for our business. Depending on future market conditions, we could incur substantial realized and unrealized losses in future periods, which could have an adverse impact on our results of operations and financial condition. In particular, deterioration in the equity markets could lead to investment losses. Depending on market conditions going forward, particularly if market conditions turn negative in the future, we could incur substantial realized and unrealized losses in future periods, which could have an adverse impact on our results of operations and financial condition. Market volatility may also make it more difficult to value certain of our securities if trading becomes less frequent. As such, valuations may include assumptions or estimates that may have significant period-to-period changes that could have a material adverse effect on our results of operations or financial condition.

We participate in a potentially unprofitable, unstable industry.

The professional liability insurance industry is volatile and often sees fluctuations both in the frequency and severity of claims, particularly severity. This is aggravated by the casualty insurance cycle, which over a period of years varies from a hard market with high or increasing premiums charged for risk, to a soft market with low or decreasing premiums being charged. The combination of volatility and insurance cycle variation results in a high degree of unpredictability of underwriting results from year to year. Consequently, our revenue could be adversely affected by factors beyond our control, including those described in this report and other factors.

Business and Operational Risks

We have incurred net losses before net realized and unrealized gains (losses) in investments and taxes in 2021 and 2020 and may incur further net losses before net realized gains (losses) in investments and taxes if we are unable to generate significant net income under our existing agency agreements.

We incurred net losses before net realized and unrealized gains (losses) on investments and taxes of $1.5 million and $11.8 million for the years ended December 31, 2021 and December 31, 2020, respectively, due mainly to the costs to fund our operations and to higher than expected loss emergence on the Company's lawyers' book of business.

In 2009, Protexure entered into the C&F Agency Agreement pursuant to which C&F appointed Protexure as an 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. Also in 2009, AMIC Ltd. entered into the reinsurance agreement with C&F pursuant to which C&F agrees to cede and AMIC Ltd. agrees to accept as reinsurance a fifty percent (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.

The reinsurance agreement with C&F was cancelled by the parties effective March 2021. In addition, the C&F Agency Agreement will terminate on March 31, 2022, and effective January 1, 2022, Protexure entered into the ISMIE Agency Agreement. As a result, Protexure will transition the lawyers and accountants' professional liability previously written with C&F to ISMIE in accordance with the ISMIE Agency Agreement.

Going forward, the company will no longer have reinsurance operations and thus will rely solely on Protexure to generate income. If we are unable to increase Protexure's profitability under the new agency agreement in future periods and if unfavorable market conditions continue, we may continue to incur net losses, which could adversely affect our financial condition.

If our agreement with ISMIE is terminated or ISMIE chooses not to renew the agreement, our ability to generate revenue would be adversely affected.

The large majority of our revenue will be derived from commissions earned by Protexure through the ISMIE Agency Agreement. The initial term of the ISMIE Agency Agreement is for 2 years with automatic one-year renewals thereafter. If ISMIE should terminate, choose not to renew the agreement or renew it on terms less favorable to us, our ability to generate revenue may be materially and adversely affected.

Actual claims may exceed our reserves for unpaid losses and loss adjustment expenses which could cause our earnings to be overstated.

Our success depends on our ability to accurately assess the risks associated with the businesses that we insure. We establish loss reserves to cover our estimated liability for the payment of all losses and loss adjustment expenses we expect to incur with respect to the policies we write. Loss reserves do not represent an exact calculation of liability. Rather, loss reserves are estimates of what we expect the ultimate resolution and administration of claims will cost. These estimates are based on actuarial and statistical projections and on our assessment of currently available data, as well as estimates of future trends in claims severity and frequency, judicial theories of liability and other factors. Loss reserve estimates are refined as experience develops and claims are reported and resolved. Establishing an appropriate level of loss reserves is an inherently uncertain process and it is therefore possible that our reserves at any given time could prove to be inadequate.

In establishing our loss reserve, we estimate our net losses based on historical and actuarial analyses of claims information**.** Actual losses may vary from those estimated and will be adjusted in the period in which further information becomes available. To the extent we determine that actual losses or loss adjustment expenses exceed our expectations and the reserves reflected in our financial statements, we will be required to increase our reserves, through an increase in our provision for unpaid loss and loss adjustment expense, to reflect our changed expectations. Material additions to our reserves through this provision would adversely impact our net income and capital in future periods while having the effect of overstating our current period earnings.

Our inability to retain senior executives and other key personnel could adversely affect our business.

The success of our business plan is dependent upon our ability to retain Protexure senior executives and other qualified Protexure employees. In 2019, Protexure entered into an employment agreement with Mr. Kyle Nieman, President and CEO of Protexure. Mr. Nieman has more than 37 years of insurance industry experience. In addition, a number of AmerInst's operating activities as well as certain management functions are performed by outside parties. If such outside parties and Protexure's key employees did not renew their relationships with AmerInst and Protexure, or would do so only upon terms that were not acceptable to AmerInst and Protexure, our business could be harmed.

There is no market for our shares and our shares may be subject to restrictions on transfer.

There is currently no market for our common shares and it is unlikely that a market will develop. Our common shares are not listed on any stock exchange or automated quotation system. Under our Bye-Laws, our Board of Directors has the authority to prohibit all transfers of our shares. As a result, you may be required to hold your shares for an indefinite period of time and will potentially bear the economic risk of holding such shares indefinitely.

Anti-takeover provisions could make it more difficult for a third party to acquire us, which makes your investment more illiquid.

AMIC Ltd., our subsidiary, currently owns approximately 37.59% of our outstanding shares of common stock and may purchase additional shares. Under Bermuda law, shares owned by AMIC Ltd. are deemed issued and outstanding and can be voted by AMIC Ltd. at the direction of AMIC Ltd.'s board of directors, which is effectively controlled by our board of directors which, consequently, may hinder or prohibit a change in control transaction not approved by us.

In addition, because our Statement of Share Ownership Policy limits each shareholder other than AMIC Ltd. to owning no more than 20,000 shares of our common stock, and our Bye-laws permit our board of directors to implement provisions requiring board approval of all transfers of common stock, it may be difficult for any individual or entity to obtain voting control of AmerInst.

Finally, our Bye-laws provide for a classified board of directors which could have the effect of delaying or preventing a change of control or management.

As a shareholder of a Bermuda company, you may have greater difficulties in protecting your interests than as a shareholder of a U.S. corporation.

The Companies Act, which applies to us and our Bermuda subsidiaries, differs in many material respects from laws generally applicable to U.S. corporations and their shareholders. These differences may result in your having greater difficulties in protecting your interests as a shareholder of our company than you would have as a shareholder of a U.S. corporation. This affects, among other things, the circumstances under which transactions involving an interested director are voidable, whether an interested director can be held accountable for any benefit realized in a transaction with the Company, what approvals are required for business combinations by the Company with a large shareholder or a wholly owned subsidiary, what rights you may have as a shareholder to enforce specified provisions of the Companies Act or our Bye-laws, and the circumstances under which we may indemnify our directors and officers.

COVID-19 Risks

The ongoing COVID-19 pandemic and the associated governmental responses could materially adversely affect our business.

The COVID-19 pandemic continued to adversely impact the U.S. economy and financial markets. New variants of the COVID-19 virus or a resurgence in infection rates could lead to a reduction in economic activity, resulting in a decline in demand for our products. The pandemic could also have a more significant impact on our claims experience in future periods, resulting in a decrease in profitability.

Actions taken in response to the pandemic by federal, state and local government authorities, including state insurance departments, could, individually or in the aggregate, adversely affect our business. In addition, a resurgence in infection rates could impact the financial markets.

Technology Risks

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

Despite the security measures taken by Davies Captive Management Limited, our management company, Protexure and our consultants and other third parties with whom we share information, our or their information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise their networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Additionally, many companies have increasingly reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. Cybersecurity issues, such as security breaches and computer viruses, affecting our information technology systems or those of third parties with whom we share information, could disrupt our business, result in the unintended disclosure or misuse of confidential or proprietary information, increase our costs, and cause losses. Additionally, any unauthorized access, disclosure or other loss of information could also result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties and damage our reputation, which could adversely affect our business.

Regulatory and Compliance Risks

Our Bermuda entities could become subject to regulation or taxation in the United States, which could negatively impact our net earnings.

None of our Bermuda entities are licensed or admitted as an insurer, nor accredited as a reinsurer, in any jurisdiction in the United States. However, the majority of our future revenue will be derived from commissions earned by Protexure, a Delaware corporation, through the ISMIE Agency Agreement. We conduct our insurance business through offices in Bermuda and do not maintain an office, nor do our personnel solicit insurance business, resolve claims or conduct other insurance business, in the United States. While we do not believe we are in violation of insurance laws of any jurisdiction in the United States, inquiries or challenges to our insurance or prior reinsurance activities could be raised in the future. It is possible that, if we were to become subject to any laws of this type at any time in the future, we may not be in compliance with the requirements of those laws.

We believe that our non-U.S. companies have operated and will continue to operate their respective businesses in a manner that will not cause them to be subject to U.S. tax (other than U.S. federal excise tax on insurance and reinsurance premiums and withholding tax on specified investment income from U.S. sources) on the basis that none of them are engaged in a U.S. trade or business. However, there are no definitive standards under current law as to those activities that constitute a U.S. trade or business and the determination of whether a non-U.S. company is engaged in a U.S. trade or business is inherently factual. Therefore, it is possible that the U.S. Internal Revenue Service might contend that one or more of our non-U.S. companies is engaged in a U.S. trade or business. If AMIC Ltd. or any of our other non-U.S. companies is engaged in a U.S. trade or business and does not qualify for benefits under the applicable income tax treaty, such company may be subject to (i) U.S. federal income taxation at regular corporate rates on its premium income from U.S. sources and investment income that is effectively connected with its U.S. trade or business, and (ii) a U.S. federal branch profits tax on the earnings and profits attributable to such income. All of the premium income from U.S. sources and a significant portion of such company's investment income may be subject to U.S. federal income and branch profits taxes.

If AMIC Ltd. or any of our other non-U.S. companies is engaged in a U.S. trade or business and qualifies for benefits under the United States-Bermuda tax treaty, U.S. federal income taxation of such subsidiary will depend on whether (i) it maintains a U.S. permanent establishment, and (ii) the relief from taxation under the treaty generally applies to non-premium income. We believe that AMIC Ltd. has operated and will continue to operate its business in a manner that will not cause it to maintain a U.S. permanent establishment. However, the determination of whether an insurance company maintains a U.S. permanent establishment is inherently factual. Therefore, it is possible that the U.S. Internal Revenue Service might successfully assert that any of our Bermuda entities maintains a U.S. permanent establishment. In such case, such Bermuda entity may be subject to U.S. federal income tax at regular corporate rates and branch profit tax. Furthermore, although the provisions of the treaty clearly apply to premium income, it is uncertain whether they generally apply to other income of a Bermuda insurance company as well.

We believe U.S. federal income tax, if imposed, would be based on effectively connected or attributable income of a non-U.S. company computed in a manner generally analogous to that applied to the income of a U.S. corporation, except that all deductions and credits claimed by a non-U.S. company in a taxable year can be disallowed if the company does not file a U.S. federal income tax return for such year. Penalties may be assessed for failure to file such return. If any of our non-U.S. companies is subject to such U.S. federal taxation, our financial condition and results of operations could be materially adversely affected.

On December 22, 2017, the US government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act contains modifications to certain provisions relating to passive foreign investment company (“PFIC”) status including an exception for foreign insurance companies ("PFIC insurance exception"). Generally, a company is considered a PFIC where 75% or more of its income constitutes “passive income” or 50% or more of its assets were held to produce “passive income”. The Tax Act modified the PFIC insurance exception to apply, inter alia, to insurance companies whose reserves constitute more than 25% of the company’s gross assets. We believe that the Company is not a PFIC as our non-U.S. subsidiaries that are insurance companies meet the PFIC insurance exception. We also believe that Protexture meets the qualifying domestic company exception. PFIC characterization of the Company under these rules could result in adverse tax consequences to U.S. persons who own our ordinary shares, but we do not believe the Company or its subsidiaries should be characterized as a PFIC under the rules.

The Organization for Economic Co-operation and Development (the "OECD") Pillar II initiative is intended to propose a global minimum tax rate of 15% amongst its 140 member nations and other adopting countries. On December 20, 2021, the OECD released the final model rules on Pillar II (“Model Rules”), which nations can adopt into local legislation to implement Pillar II on a global basis. Two components of the Model Rules, the Income Inclusion Rule (“IIR”) and the Under-Taxed Payment Rule (“UTPR”), could potentially be applicable to our operations:

- The IIR establishes a global minimum tax in the jurisdiction of the parent company of a multinational enterprise (“MNE”).
- The other component of the Model Rules, the UTPR, allows a portion of an MNE’s global profits with an effective tax rate below the 15% minimum rate to be taxed by other jurisdictions through an allocation model based on headcount and fixed tangible assets. The Model Rules give flexibility to allow jurisdictions several mechanisms to collect global profits. This includes directly taxing allocated income, reduction in any allowance for equity or by imputing deemed income.

How the IIR impacts our operations depends on whether Bermuda adopts this portion of the Model Rules. The impact of the UTPR is likely reduced because our operations are limited to Bermuda and the United States. The OECD is targeting the implementation of the IIR by 2023, and UTPR by 2024.

Accordingly, should we become subject to the Pillar II rules in the future, this could result in an increase in the total amount of tax we pay, thereby having a material adverse impact on our business operations.

Legislative and regulatory requirements could have a material adverse effect on our business.

We and our subsidiaries are required to comply with a wide variety of laws and regulations applicable to insurance or reinsurance companies. The insurance and regulatory environment, in particular for offshore insurance and reinsurance companies, has become subject to increased scrutiny in many jurisdictions, including in the United States. In the past, there have been Congressional and other initiatives in the United States proposing to increase supervision and regulation of the insurance industry. It is not possible to predict the future impact of changes in laws and regulations on our operations and the cost of complying with any such new legal requirements could have a material adverse effect on our business.

Our Bermuda insurance subsidiary, AMIC Ltd., is registered as a Class 3A insurer and is subject to regulation and supervision in Bermuda. The applicable Bermuda statutes and regulations generally are designed to protect insureds, ceding insurance companies and note holders rather than shareholders. Among other things, those statutes and regulations require AMIC Ltd. to:

- meet and maintain certain standards of liquidity and solvency,
- file periodic reports in accordance with the Bermuda Statutory Accounting Rules,
- produce annual audited statutory financial statements,
- produce annual audited U.S. GAAP statements or audited condensed general purpose financial statements prepared in accordance with the Insurance Act Rules,
- comply with the ICIC, and
- comply with restrictions on payments of dividends and reductions of capital.

Any non-compliance with these and other requirements imposed under applicable law could result in penalties or enforcement actions being taken against AMIC Ltd., which could have a material adverse effect on our business.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Lease commitments

Protexture leases office space under a non-cancellable lease agreement. The lease is renewable at the option of the lessee under certain conditions. In June 2021, the company executed a lease extension to July 31, 2023. Minimum lease payments, subsequent to December 31, 2021 are $100,470 in 2022 and $60,331 in 2023.

Item 3. Legal Proceedings.

The Company is not a party to any material legal proceedings.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Currently, there is no public market for our common stock, but we have historically permitted AMIC Ltd.to purchase shares from our shareholders upon their death, disability or retirement from the practice of public accounting. The repurchase price has historically been set to the year-end net book value per share for the most recently completed fiscal year reduced by the amount of any dividends already paid on the repurchased shares during the calendar year of the repurchase and any dividends the shareholder would be entitled to receive on the repurchased shares that have not been paid. In addition, the BMA has authorized AMIC Ltd. to purchase shares on a negotiated case-by-case basis, and AMIC Ltd. has typically negotiated share repurchases when requested by our shareholders.

On February 25, 2011, the Board of Directors amended and restated AmerInst's Statement of Share Ownership Policy to better manage our cash flow from year to year. Under the revised policy, we limit AMIC Ltd.'s repurchase of our common stock to $500,000 per calendar year. In addition, AMIC Ltd.is only authorized to repurchase shares, with Board approval, from shareholders upon their death, disability or retirement from the practice of public accounting. In October 2020, the Board temporarily (i) suspended the amended and restated AmerInst's Statement of Share Ownership Policy and (ii) discontinued the repurchases of our common stock, as a measure to preserve the Company's capital base. In the future, the Board may consider reinstating the amended and restated AmerInst's Statement of Share Ownership Policy if market conditions and the Company's capital base support reinstatement.

The Bermuda Monetary Authority has authorized AMIC Ltd. to purchase our common shares from shareholders who have died or retired from the practice of public accounting and also on a negotiated basis. Through December 31, 2021, AMIC Ltd. had purchased an aggregate of 232,979 common shares from shareholders who had died or retired for a total aggregate purchase price of $6,653,703. The following table shows information relating to the purchase of shares from shareholders who have died or retired from the practice of accounting as described above during the three month period ended December 31, 2021.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Program	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Program (1)
October 2021	—	—	—	N/A
November 2021	—	—	—	N/A
December 2021	—	—	—	N/A
Total	—	—	—	N/A

From time to time, AMIC Ltd. has also purchased common shares in privately negotiated transactions. Through December 31, 2021, AMIC Ltd. had purchased an additional 75,069 common shares in such privately negotiated transactions for a total aggregate purchase price of $1,109,025. No such transactions occurred during the three-month period ended December 31, 2020.

During 2021, the directors of AmerInst were not granted shares of our common stock as part of their compensation for services rendered as members of our board of directors.

As of February 28, 2022, there were 1,558 holders of record of our common shares. During 2021 and 2020, we paid no ordinary cash dividends. The declaration of dividends by our Board of Directors is dependent upon our profitability, financial condition, and other factors which the Board of Directors may deem appropriate. As described under "Item 1. – Business", under Bermuda law, AMIC Ltd. is prohibited from declaring or paying any dividend to AmerInst if such payment would reduce the net realizable value of its assets to an amount less than the aggregate value of its liabilities, issued share capital and share premium accounts. In addition, AMIC Ltd. must be able to pay its liabilities as they fall due after the payment of a dividend.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations ("MD&A") provides supplemental information, which sets forth management's views of the major factors that have affected our financial condition and results of operations that should be read in conjunction with our consolidated financial statements and notes thereto included in this Form 10-K. The MD&A is divided into subsections entitled "Business Overview," "Critical Accounting

Policies," "Results of Operations," "Fair Value of Investments," "Liquidity and Capital Resources" and "Losses and Loss Adjustment Expenses."

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including this MD&A section, contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "goal," and similar expressions 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 this Form 10-K 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" or discussed in this Form 10-K 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.

Business Overview

We are an insurance holding company based in Bermuda owned primarily by accounting firms, persons associated with accounting firms, and individual CPA practitioners. We were formed in response to concerns about the pricing and availability of accountants' professional liability insurance in a difficult or "hard" market. Our mission is to provide insurance protection for professional service firms and engage in investment activities. Through Protexure, we act as an agent for C&F for the purposes of soliciting, underwriting, quoting, binding, issuing, cancelling, non-renewing and endorsing accountants' professional liability and lawyers' professional liability insurance coverage in 42 states of the United States and the District of Columbia. Prior to October 2020, Protexure had acted as an agent for C&F for all aforementioned business in all 50 states of the United States and the District of Columbia.In October 2021, C&F and Protexure signed an addendum to the C&F Agency Agreement which terminates the C&F Agency Agreement effective March 31, 2022. Under the terms of the signed addendum, Protexure will be permitted to issue new and renewal professional liability policies on C&F paper with effective dates no later than March 31, 2022. Effective January 1, 2022, Protexure entered into an agency agreement with Amwins Specialty Casualty Solutions, LLC. on behalf of ISMIE Mutual Insurance Company. Protexure will transition the lawyers and accountants' professional liability previously written with C&F to ISMIE under the ISMIE Agency Agreement.

AmerInst has two reportable segments: (1) reinsurance activity, which had included investments and other activities, and (2) insurance activity, which offered professional liability solutions to professional service firms. See Note 14, Segment Information, of the notes to the consolidated financial statements contained in Item 8 of this annual report on Form 10-K for financial information concerning these segments.

Our reinsurance segment had revenues of $3,213,768 for the year ended December 31, 2021 and $10,463,588 for the year ended December 31, 2020. Total losses and expenses for this segment were $4,013,676 for the year ended December 31, 2021 and $27,498,921 for the year ended December 31, 2020. This resulted in a segment loss of $799,908 and $17,035,333 for the years ended December 31, 2021 and 2020, respectively. In 2021 the reinsurance segment of the business ceased operations.

Our insurance segment had revenues of $3,405,122 for the year ended December 31, 2021 and $5,702,708 for the year ended December 31, 2020. Operating and management expenses were $4,199,245 for the year ended December 31, 2021 and $3,259,590 for the year ended December 31, 2020. This resulted in segment (loss) income of $(794,123) and $2,443,118 for the years ended December 31, 2021 and 2020, respectively.

Our results of operations for the years ended December 31, 2021 and December 31, 2020 are discussed in greater detail below.

We operate our business with no material long-term debt, no purchase obligations, and no off-balance sheet arrangements required to be disclosed under applicable rules of the SEC. Our access to operating cash flows is primarily through the payment of dividends from our subsidiaries.

Critical Accounting Policies

Basis of Presentation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates reflected in our financial statements include but are not limited to the liability for loss and loss adjustment expenses and other than temporary impairment of investments.

Unpaid Losses and Loss Adjustment Expense Reserves

As a result of the commutation agreements noted above under Reinsurance Agreements and Historical Relationship with CAMICO the Companies unpaid losses and loss adjustment expenses reserves are $0. The amount that we recorded as our liability for loss and loss adjustment expenses was a major determinant of net income each year. As discussed in more detail below under the heading "Losses and Loss Adjustment Expenses," the amount that we have reserved is based on actuarial estimates which were prepared as of December 31, 2020. Based on data received from the ceding companies (the insurance companies whose policies we reinsure), our independent actuary produces a range of estimates with a "low," "central" and "high" estimate of the loss and loss adjustment expenses. As of December 31, 2020, the range of actuarially determined liability for loss and loss adjustment expense reserves was as follows: the low estimate was $17.9 million, the high estimate was $24.4 million, and the central estimate was $20.9 million. Due to concerns about the severity and volatility of the type of business we reinsure and the length of time that it takes for claims to be reported and ultimately settled, we selected reserves of $20,936,677 as of December 31, 2020, which is marginally greater than the central estimate of our independent actuary.

Other than Temporary Impairment of Investments

Declines in the fair value of fixed income investments below cost are evaluated for other than temporary impairment losses. The evaluation for other than temporary impairment losses is a quantitative and qualitative process which is subject to risks and uncertainties in the determination of whether declines in the fair value of fixed income investments are other than temporary. The risks and uncertainties include our intent and ability to hold the security, changes in general economic conditions, the issuer's financial condition or near-term recovery prospects, and the effects of changes in interest rates. Our accounting policy requires that a decline in the value of a fixed income security below its cost basis be assessed to determine if the decline is other than temporary. If so, the fixed income security is deemed to be impaired, and a charge is recorded in net realized losses equal to the difference between the fair value and the cost basis of the fixed income security. The fair value of the impaired fixed income investment becomes its new cost basis.

Income Taxes

Our U.S. subsidiary operates in jurisdictions where they are subject to taxation. Current and deferred income taxes are charged or credited to net income based upon enacted tax laws and rates applicable in the relevant jurisdiction in the period in which the tax becomes accruable or realizable. Deferred income taxes are provided for all temporary differences between the bases of assets and liabilities used in the financial statements and those used in the various jurisdictional tax returns. When our assessment indicates that it is more likely than not that all or some portion of deferred income tax assets will not be realized, a valuation allowance is recorded against the deferred tax assets.

We recognize a tax benefit relating to uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. A liability is recognized for any tax benefit (along with any interest and penalty, if applicable) claimed in a tax return in excess of the amount allowed to be recognized.

Results of Operations

Year ended December 31, 2021 compared to year ended December 31, 2020

We recorded a net loss of $1,594,031 for the year ended December 31, 2021 compared to a net loss of $14,592,215 for the same period in 2020. The decrease in net loss was mainly attributable to (i) the decrease in loss and loss adjustment expenses of $17,378,004 – from $18,856,370 for the year ended December 31, 2020 to $1,478,366 for the year ended December 31, 2021. (ii) the increase in net realized and unrealized gains on investments of $2,191,209 – from a $1,764,276 loss for the year ended December 31, 2020 to a $426,933 gain for the year ended December 31, 2021 and (iii) the decrease in operating and management expenses of $776,965 – from $5,543,889 for the year ended December 31, 2020 to $4,766,924 for the year ended December 31, 2021, as discussed below. The increase in net income was partially offset by a decrease in commission income of $2,293,601 – from $5,698,299 for the year ended December 31, 2020 to $3,404,698 for the year ended December 31, 2021, as also discussed below.

Our net premiums earned for the year ended December 31, 2021 were $2,581,408 compared to $11,848,463 for the year ended December 31, 2020, a decrease of $9,267,055 or 78.2%. Our net premiums earned were attributable to cessions from C&F under the Reinsurance Agreement. As noted above, the Company entered into the Commutation Agreement with C&F effective March 31, 2021. Therefore, no premiums subsequent to that date were ceded to the company. Our net premium earned for the year ended December 31, 2021 represents our net premiums earned during the three months ended March 31, 2021. Our net premium earned for the year ended December 31, 2020 represents our net premiums earned during that entire year.

During the year ended December 31, 2021 and 2020, we recorded commission income under the C&F Agency Agreement of $3,404,698 and $5,698,299, respectively, a decrease of $2,293,601 or 40.3%. This decrease resulted from the lower volume of premiums written under the C&F Agency Agreement during the year ended December 31, 2021 compared to the year ended December 31, 2020, which is primarily attributable to an October 2020 notice from C&F to cease writing business in eight states under the C&F Agency Agreement.

We recorded net investment income of $205,851 during the year ended December 31, 2021 compared to $383,810 for the year ended December 31, 2020. The decrease in net investment income was mainly attributable to a decrease in dividend income and interest income from a reduced holdings of equity securities and fixed income securities in our investment portfolio, respectively, during the year ended December 31, 2021 compared to the same period in 2020. In September 2021, the Company liquidated its entire investment in fixed income securities and equity securities as a measure to fund its commitment under the Commutation Agreement. The decrease in net investment income was partially offset by a decrease in investment expenses during the year ended December 31, 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 and fixed income securities 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 1.2% for the year ended December 31, 2021, compared to the 1.1% yield earned for the year ended December 31, 2020.

We recorded net realized and unrealized gains on investments of $426,933 during the year ended December 31, 2021 compared to net realized and unrealized losses on investments of $1,764,276 during the year ended December 31, 2020, an increase of $2,191,209 or 124.2%. In September 2021, the Company liquidated its entire investment in fixed income securities to fund the commitment to C&F under the Commutation Agreement. A $343,350 net gain was realized on the sale of these investments. The year ended December 31, 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 composition of the investment portfolio at December 31, 2021 and 2020 was as follows:

	2021	**2020**
U.S. government agency securities	0%	13%
Obligations of state and political subdivisions	0	52
Corporate debt securities	0	35
Equity securities	0	0
	0%	100%

Our losses and loss adjustment expenses for the year ended December 31, 2021 were $1,478,366 compared to $18,856,370 for the year ended December 31, 2020, a decrease of $17,378,004 or 92.2%. For the year ended December 31, 2021, we derived our loss and loss adjustment expenses (i) by multiplying our estimated loss ratio of 64.0% and the net premiums earned under the Reinsurance Agreement through March 31, 2021 of $2,581,408, which is the effective date of the Commutation Agreement, (ii) the recording of a $147,377 gain under the Commutation Agreement and (iii) the recording of a $26,398 gain under the commutation of the reinsurance contract between CAMICO and AMIC, Ltd. The significant amount of loss and loss adjustment expenses recorded for the year ended December 31, 2020 was attributable to higher than expected loss emergence on the Company's lawyers' book of business in accident years 2017, 2018 and 2019.

We recorded policy acquisition costs of $1,405,774 during the year ended December 31, 2021 compared to $5,369,752 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 year ended December 31, 2021 represents the net of (i) $955,122, being 37% of the net premiums earned under the Reinsurance Agreement as at March 31, 2021 of $2,581,408, which is the effective date of the Commutation Agreement and (ii) the reversal of the established premium deficiency reserve as at December 31, 2020 of $985,876 and the reversal of the remaining deferred policy acquisition cost balance of $1,436,528, with both reversals being attributed to the Commutation Agreement. The policy acquisition costs recorded during the year ended December 31, 2020 represented of (i) $4,383,876, being 37% of the net premiums earned under the Reinsurance Agreement as at December 31, 2021 of $11,848,463 and (ii) a premium deficiency reserve established at December 31, 2020 in the amount of $985,876.

We incurred operating and management expenses of $4,766,924 during the year ended December 31, 2021 compared to $5,543,889 for the same period in 2020, a decrease of $776,965 or 14.0%. The decrease was primarily attributable to (i) decreased board and committee meetings related expenses due to the reduction in physical meetings held during the year ended December 31, 2021 as the result of travel restrictions imposed in relation to COVID-19, (ii) decreased salaries and related costs associated with Protexure's reduction in personnel during 2021 and 2020 in its effort to reduce overall costs and (iii) decreased net commissions paid to outside brokers in association with the C&F Agency Agreement as a result lower volume of premiums obtained from outside brokers during the year ended December 31, 2021 compared to the same period in 2020.

We recorded income tax expense of $561,857 for the year ended December 31, 2021 compared to $988,500 tax expense for the year ended December 31, 2020. At December 31, 2021 and 2020, we recorded an income tax recovery and expense as the result of changes in Protexure's deferred tax asset position during the year, which was primarily attributable to Protexure's usage of its loss carryforward from prior years plus its state income taxes for the current year. See Note 6 to our financial statements included in this Annual Report on Form 10-K for additional details.

Fair Value of Investments

During September 2021, the Company liquidated its entire investment in fixed income securities and equity securities in order to fund its commitment under the Commutation Agreement, as discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following tables show the fair value of our investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" as of December 31, 2021 and 2020.

			Fair value measurement using:		
	Carrying amount	**Total fair value**	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
December 31, 2021					
U.S. government agency securities	$ —	$ —	$ —	$ —	$ —
Obligations of U.S. state and political subdivisions	—	—		—	
Corporate debt securities	—	—		—	
Total fixed maturity investments	—	—			
Equity securities	—	—			
Total equity securities	—	—			
Total investments	$ —	$ —	$ —	$ —	$ —

			Fair value measurement using:		
	Carrying amount	**Total fair value**	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
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	$ —

Our fixed income portfolio was invested in accordance with a written Investment Policy Statement adopted by our Board of Directors. We engaged professional advisors to manage day-to-day investment matters under the oversight of our Investment Committee.

Our fixed income portfolio was managed with the target objectives of achieving an annualized rate of return for the trailing 5-year period of 250 basis points over the Consumer Price Index, and total returns commensurate with Merrill Lynch's U.S. Domestic Index. Our overall fixed income portfolio was required to have at least an "A" S&P rating, an "A2" Moody's rating or an equivalent rating from comparable rating agencies.

Our equity securities were managed by two external large cap value advisors. Our investment approach was to focus on increasing the fair market value of our equity securities by investing in companies that may or may not be paying a dividend but whose market values may increase over time. Some of the key factors we considered in a prospective company to invest in included the discount to value and the quality of the management team. Our equity portfolios were managed with the target objectives of achieving an annualized rate of return over a trailing 3-year to 5-year period of 400 basis points over the Consumer Price Index, total returns at least equal to representative benchmarks such as the various S&P indices, and a ranking in the top half of the universe of other actively managed equity funds with similar objectives and risk profiles.

In September 2021, the Company liquidated its fixed income portfolios as a measure to fund its commitment under the Commutation Agreement with C&F.

Fair Value of Investments

Under existing U.S. GAAP, we were required to recognize certain assets at their fair value in our consolidated balance sheets. This included 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 estimated the fair value of the security using various valuation techniques. We utilized, 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 utilized 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 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 were 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 were observable market inputs, the fair values of U.S. government agency securities were 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 were based on quotes and current market spread relationships, and were classified as Level 2 in the fair value hierarchy. AmerInst considered a liquid market to exist for these types of securities held. Broker quotes were not used for fair value pricing.

- **Corporate debt securities**: Comprised of bonds issued by corporations. The fair values of these securities were based on quotes and current market spread relationships, and were classified as Level 2 in the fair value hierarchy. AmerInst considered a liquid market to exist for these types of securities held. Broker quotes were 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 obtained pricing from independent pricing services, management was ultimately responsible for determining the fair value measurements for all securities. To ensure fair value measurement was applied consistently and in accordance with U.S. GAAP, we periodically updated our understanding of the pricing methodologies used by the independent pricing services. We also undertook further analysis with respect to prices we believed may not be representative of fair value under current market conditions. Our review process included, 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 was an estimate of what a willing buyer would pay for such security if we had sold it, we did not know the ultimate value of our securities until they were sold. We believe the valuation techniques utilized provided 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.

As of December 31, 2021, our total investments were $0 compared to $20,344,127 at December 31, 2020. In September 2021, the Company liquidated its entire investment in fixed income securities and equity securities to fund its commitment under the Commutation. The cash and cash equivalents balance decreased from $5,732,110 at December 31, 2020 to $3,477,714 at December 31, 2021, a decrease of $2,254,396 or 39.3%. 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 $0 at December 31, 2021, a decrease of $4,964,126 or 100%. This decrease resulted from the payment in October 2021 of the obligation pursuant to the Commutation Agreement. The ratio of cash and investments to total liabilities at December 31, 2021 was 1.22:1, compared to a ratio of .96:1 at December 31, 2020. Total cash and investments decreased from $31,040,363 at December 31, 2020 to $3,477,714 at December 31, 2021, a decrease of $27,562,649 or 88.8%. The net decrease derived primarily from the liquidation of its entire investment portfolio in September 2021.

Other than Temporary Impairment

The Company assessed 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) determined if the Company had the intent to sell the fixed maturity investment or if it was more likely than not that the Company will be required to sell the fixed maturity investment before its anticipated recovery; and (2) assessed whether a credit loss existed, that is, where the Company expected 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.

In evaluating credit losses, the Company considered 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 concluded a fixed income investment was other-than-temporarily impaired, we wrote 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 December 31, 2021 and December 31, 2020, relating to none and three fixed maturity securities, amounted to $0 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.

Liquidity and Capital Resources

Our cash needs consist of i) settlement of expenses, (ii) funding day-to-day operations. 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 period.

The assumed reinsurance balances receivable represents the current assumed premiums receivable less commissions payable to C&F. As of December 31, 2021, the balance was $0 compared to $2,221,664 as of December 31, 2020. The decrease in assumed reinsurance balance in 2021 to $0 was due to the commutation of C&F business.

The assumed reinsurance payable represents current reinsurance losses payable to the fronting carriers. As of December 31, 2021, the balance was $0 compared to $3,175,098 as of December 31, 2020. The decrease in assumed reinsurance payable in 2021 to $0 was due to the commutation of C&F business.

Deferred policy acquisition costs, which represent the deferral of ceding commission expense related to premiums not yet earned, decreased from $724,509 at December 31, 2020 to $0 at December 31, 2021. The decrease in deferred policy acquisition costs in 2021 was due to the commutation of C&F business.

Prepaid expenses and other assets were $1,091,815 at December 31, 2021, a decrease of $384,372 from $1,476,187 at December 31, 2020. The balance primarily related to (1) prepaid directors' and officers' liability insurance costs, (2) prepaid professional fees and (3) premiums due to Protexure under the C&F 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 and other cedants under Agency Agreements and expenses accrued relating largely to professional fees. The balance decreased from $3,689,620 at December 31, 2020 to $2,860,876 at December 31, 2021, a decrease of $828,744 or 22.5%. This balance fluctuates due to the timing of the premium payments to C&F and payments of professional fees.

During 2021 and 2020, we paid no ordinary cash dividends as a measure to preserve the Company's capital base. Since we began paying dividends in 1995, our original shareholders have received approximately $22.87 in cumulative dividends per share. Dividend payments are subject to the Board of Directors' continuing evaluation of our level of surplus compared to our capacity to accept more business. No dividends were paid during 2021 as a measure to preserve the Company's capital bases, as referred to above.

Our ability to pay dividends to our shareholders and to pay our operating expenses is dependent on cash dividends from our subsidiaries. AMIC Ltd.'s ability to pay dividends to AmerInst is subject to the provisions of the Bermuda insurance and companies laws and the requirement to provide the ceding companies with collateral. Under the Companies Act, AMIC Ltd. would be prohibited from declaring or paying a dividend if such payment would reduce the realizable value of its assets to an amount less than the aggregate value of its liabilities, issued share capital, and share premium accounts. In addition, AMIC Ltd. must be able to pay its liabilities as they become due in the ordinary course of its business, and fund its collateral obligations to ceded companies, after the payment of a dividend. The payment of such dividends by AMIC Ltd. to us is also limited under Bermuda law by the Insurance Act and Related Regulations which require that AMIC Ltd. maintain minimum levels of solvency and liquidity as described above. For the years ended December 31, 2021 and 2020 these requirements have been met as follows:

	Statutory Capital & Surplus		Relevant Assets	
	Minimum	Actual	Minimum	Actual
December 31, 2021	$ 1,000,000	$ 13,589,876	$ —	$ 619,096
December 31, 2020	$ 3,140,502	$ 24,746,999	$ 21,550,831	$ 28,678,753

At December 31, 2021, approximately $.6 million was available for the declaration of dividends by AMIC Ltd. to us. Management expects that any dividend AMIC, Ltd. declares to us over the next twelve-month time period will be utilized entirely by us to fund our day-to-day operations. Therefore, as of December 31, 2021, no amount was available for the declaration of dividends by us to our shareholders.

The BMA has authorized AMIC Ltd. to purchase our common shares from shareholders who have died or retired from the practice of public accounting and on a negotiated basis. Through March 1, 2022, AMIC Ltd. had purchased 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. Through that date, AMIC Ltd. had purchased an additional 75,069 common shares in such privately negotiated transactions for a total purchase price of $1,109,025.

Losses and Loss Adjustment Expenses

The consolidated financial statements include our estimated liability for unpaid losses and loss adjustment expenses ("LAE") for our insurance operations. LAE is determined utilizing both case-basis evaluations and actuarial projections, which together represent an estimate of the ultimate net cost of all unpaid losses and LAE incurred through December 31 of each year. These estimates are subject to the effect of trends in future claim development. The estimates are continually reviewed and, as experience develops and new information becomes known, the liability is adjusted as appropriate, and reflected in current financial reports. The anticipated effect of inflation is implicitly considered when estimating liabilities for losses and LAE. Future average claim development is projected based on historical trends adjusted for anticipated changes in underwriting standards, policy provisions and general economic trends. These anticipated trends are monitored based on actual developments and are modified as necessary.

An actuarial review and projection was performed for us by our independent actuary as of December 31, 2020. We review the actuarial estimates throughout the year for the possible impact on our financial position.

Loss reserves relate to accountants' and attorneys' professional liability from C&F programs, and were calculated under the methodologies described below. During 2020, losses emerged at levels significantly greater than expectations. The adverse development is likely attributable to changes in case reserving practices that led to material increases in average case reserves, and was possibly exacerbated by social inflation and delays in legal resolutions due to the COVID-19 pandemic. Note that fourth quarter experience was more in line with expectations.

C&F was a new program for us in 2010. The program provides professional liability coverage to accountants and lawyers. To calculate the policy year ultimate losses and allocated loss adjustment expenses for C&F, the actuary applied paid and incurred loss development, paid and incurred Bornhuetter-Ferguson, and paid and incurred Cape Cod methods to the actual C&F experience as of September 30, 2020, separately for accountants and lawyers experience. Policy year ultimate losses are projected to December 31, 2020 on a combined accountants and lawyers experience basis by reviewing the actual loss emergence in the 4th calendar quarter of 2020 compared to the expected emergence implied by the paid and incurred loss development patterns selected as of September 30, 2020. In the calculations, the actuary relied on company and industry benchmark loss and allocated loss adjustment expense development patterns. The a priori loss and allocated loss adjustment expense ratios used in the Bornhuetter-Ferguson method calculations were selected based on our unpaid claim liability review of C&F experience as of December 31, 2020. Low and high scenario ultimate loss and allocated loss adjustment expense estimates were selected by the actuary based on sensitivity testing of results of the C&F actuarial analysis to reasonable alternative assumptions.

Inflation

The impact of inflation on the insurance industry differs significantly from that of other industries where large portions of total resources are invested in fixed assets, such as property, plant and equipment. Assets and liabilities of insurance companies, like other financial institutions, are virtually all monetary in nature, and therefore are primarily impacted by interest rates rather than changing prices. While the general level of inflation underlies most interest rates, interest rates react more to changes in the expected rate of inflation and to changes in monetary and fiscal policy. Therefore, we do not believe that inflation has materially impacted our results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this Item are listed below:

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

Financial Statement Schedules:

Schedules I, II, III, IV, V, and VI are omitted as they are inapplicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of AmerInst Insurance Group, Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AmerInst Insurance Group, Ltd. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows, for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Deloitte Ltd.

Hamilton, Bermuda
March 30, 2022

We have served as the Company's auditor since 1998.

AMERINST INSURANCE GROUP, LTD.

CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(expressed in U.S. dollars)

	2021	2020
ASSETS		
Investments (Notes 3 and 4):		
Fixed maturity investments, at fair value (amortized cost \$0 and \$19,761,231)	\$ —	\$ 20,344,127
TOTAL INVESTMENTS	—	20,344,127
Cash and cash equivalents	3,477,714	5,732,110
Restricted cash and cash equivalents	—	4,964,126
Assumed reinsurance premiums receivable	—	2,221,664
Accrued investment income	—	147,975
Property and equipment (Note 5)	898,560	1,098,420
Deferred income taxes (Note 6)	1,059,000	1,614,000
Deferred policy acquisition costs	—	724,509
Prepaid expenses and other assets (Note 7)	1,091,815	1,476,187
TOTAL ASSETS	\$ 6,527,089	\$ 38,323,118
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses (Note 8)	\$ —	\$ 20,936,677
Unearned premiums	—	4,622,666
Assumed reinsurance payable	—	3,175,098
Accrued expenses and other liabilities (Note 9)	2,860,876	3,689,620
TOTAL LIABILITIES	\$ 2,860,876	\$ 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	5,656,163	7,250,194
Accumulated other comprehensive income (loss)	—	582,896
Shares held by Subsidiary (375,861 and 374,141 shares) at cost	(9,272,496)	(9,216,579)
TOTAL SHAREHOLDERS' EQUITY	3,666,213	5,899,057
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 6,527,089	\$ 38,323,118

See accompanying notes to the consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS
years ended December 31, 2021 and 2020
(expressed in U.S. dollars)

	2021	2020
REVENUES		
Net premiums earned (Note 11)	$ 2,581,408	$ 11,848,463
Commission income	3,404,698	5,698,299
Net investment income (Note 4)	205,851	383,810
Net realized and unrealized gain (loss) on investments (Note 4)	426,933	(1,764,276)
TOTAL REVENUES	6,618,890	16,166,296
LOSSES AND EXPENSES		
Losses and loss adjustment expenses (Note 8)	1,478,366	18,856,370
Policy acquisition costs	1,405,774	5,369,752
Operating and management expenses (Note 12)	4,766,924	5,543,889
TOTAL LOSSES AND EXPENSES	7,651,064	29,770,011
LOSS BEFORE TAX	(1,032,174)	(13,603,715)
Tax expense (Note 6)	561,857	988,500
NET LOSS AFTER TAX	$ (1,594,031)	$ (14,592,215)
NET LOSS PER SHARE		
Basic	$ (2.57)	$ (23.36)
Diluted	$ (2.57)	$ (23.36)
Weighted average number of common shares outstanding for the year		
Basic	619,822	624,536
Diluted	619,822	624,536

See accompanying notes to the consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
years ended December 31, 2021 and 2020
(expressed in U.S. dollars)

	2021	2020
NET LOSS AFTER TAX	$ (1,594,031)	$ (14,592,215)
OTHER COMPREHENSIVE (LOSS) INCOME		
Net unrealized holding gains arising during the period	(239,546)	561,727
Reclassification adjustment for gains included in net income	(343,350)	(82,461)
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(582,896)	479,266
COMPREHENSIVE LOSS	$ (2,176,927)	$ (14,112,949)

See accompanying notes to the consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
years ended December 31, 2021 and 2020
(expressed in U.S. dollars)

	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Losses)	Shares Held by Subsidiary	Total Shareholders' Equity
BALANCE AT DECEMBER 31, 2019	$ 995,253	$ 6,465,776	$ 21,842,409	$ 103,630	$ (9,063,617)	$ 20,343,451
Net loss	—	—	(14,592,215)	—	—	(14,592,215)
Stock option awards expense	—	(178,483)	—	—	—	(178,483)
Other comprehensive gain						
Unrealized gain on securities, net of reclassification adjustment	—	—	—	479,266	—	479,266
Purchase of shares by subsidiary, net	—	—	—	—	(152,962)	(152,962)
BALANCE AT DECEMBER 31, 2020	$ 995,253	$ 6,287,293	$ 7,250,194	$ 582,896	$ (9,216,579)	$ 5,899,057
Net loss	—	—	(1,594,031)	—	—	(1,594,031)
Stock option awards expense	—	—	—	—	—	—
Other comprehensive loss						
Unrealized loss on securities, net of reclassification adjustment	—	—	—	(582,896)	—	(582,896)
Purchase of shares by subsidiary, net	—	—	—	—	(55,917)	(55,917)
BALANCE AT DECEMBER 31, 2021	$ 995,253	$ 6,287,293	$ 5,656,163	$ —	$ (9,272,496)	$ 3,666,213

See accompanying notes to the consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
years ended December 31, 2021 and 2020
(expressed in U.S. dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,594,031)	$ (14,592,215)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of net premiums on investments	62,811	72,161
Stock option awards expense	—	(178,483)
Depreciation and amortization on property and equipment	347,337	306,913
Net realized and unrealized (gains) losses on investments	(426,933)	1,764,276
Changes in assets and liabilities:		
Assumed reinsurance premiums receivable	2,221,664	3,474,183
Accrued investment income	147,975	(43,040)
Deferred income taxes	555,000	950,000
Deferred policy acquisition costs	724,509	1,239,543
Prepaid expenses and other assets	384,372	543,435
Liability for losses and loss adjustment expenses	(20,936,677)	6,970,633
Unearned premiums	(4,622,666)	(685,732)
Assumed reinsurance payable	(3,175,098)	(3,581,079)
Accrued expenses and other liabilities	(828,744)	(2,183,510)
Net cash used in operating activities	(27,140,481)	(5,942,915)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(147,477)	(299,820)
Purchases of available-for-sale securities	(5,545,313)	(11,505,934)
Proceeds from sales of available-for-sale securities	1,684,014	14,941,172
Proceeds from redemptions of fixed maturity investments	21,650,652	3,362,080
Proceeds from maturities of fixed maturity investments	2,336,000	2,535,000
Net cash provided by investing activities	19,977,876	9,032,498
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of shares by subsidiary, net	(55,917)	(152,962)
Net cash used in financing activities	(55,917)	(152,962)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(7,218,522)	2,936,621
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	10,696,236	7,759,615
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 3,477,714	$ 10,696,236

See accompanying notes to the consolidated financial statements.

AMERINST INSURANCE GROUP, LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

AmerInst Insurance Group, Ltd., ("AmerInst", "Company", "we", "our" or "us.") was formed under the laws of Bermuda in 1998. The Company, through its wholly owned subsidiary AmerInst Insurance Company, Ltd. ("AMIC Ltd.") and its predecessor AmerInst Insurance Company, Inc. ("AIIC Inc."), were engaged in the reinsurance of claims-made insurance policies of participants in an American Institute of Certified Public Accountants ("AICPA") sponsored insurance program that provided accountants' professional liability insurance coverage ("AICPA Plan") through December 31, 2008. Effective December 30, 2020, AMIC Ltd. merged with its wholly owned subsidiary, AmerInst Investment Company, Ltd., with AMIC Ltd. being the surviving entity.

The reinsurance activity of AMIC Ltd. depends upon agreements entered into with outside parties.

Agency Agreements with C&F and ISMIE

On September 25, 2009, Protexure entered into an agency agreement (the "C&F 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 C&F Agency Agreement was for four years with automatic one-year renewals thereafter. The C&F Agency Agreement automatically renewed on September 25, 2021.

In October 2021, C&F and Protexure signed an addendum to the C&F Agency Agreement which terminates the C&F Agency Agreement effective March 31, 2022. Under the terms of the signed addendum, Protexure will be permitted to issue new and renewal professional liability policies on C&F paper with effective dates no later than March 31, 2022.

Effective January 1, 2022, Protexure entered into a Managing General Agency Agreement (the "ISMIE Agency Agreement") with Amwins Specialty Casualty Solutions, LLC. for policies written by ISMIE Mutual Insurance Company ("ISMIE"). Protexure will transition the lawyers and accountants' professional liability policies previously written with C&F to ISMIE. Certain policies will also be written by the Hanover Insurance Company.

Reinsurance Agreement

We conducted 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 was continuous and could be terminated by either party upon at least 120 days' prior written notice to the other party.

During the third quarter of 2021, a commutation agreement effective as of March 31, 2021, was entered into by and between C&F and AMIC, Ltd. (the "Commutation Agreement"), whereby C&F and AMIC, Ltd. agreed to fully and finally settle and commute all their respective past, present and future obligations and liabilities, known and unknown, under the Reinsurance Agreement. In accordance with the Commutation Agreement, in full satisfaction of AMIC Ltd.'s past, present and future obligations and liabilities under the Reinsurance Agreement, an aggregate sum of $26,076,000 was paid by AMIC Ltd. to C&F in October 2021.

The entry into the Commutation Agreement resulted in a net gain of $147,333. This amount is included in losses and loss adjustment expenses in the Condensed Consolidated Statement of Operations.

Historical Relationship with CAMICO

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

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

During the first quarter of 2022, a Commutation Agreement, effective December 31, 2021, was entered into between CAMICO and AMIC, Ltd, whereby CAMICO and AMIC Ltd. agreed to fully and finally settle and commute all their respective past, present and future obligations and liabilities, known and unknown under the reinsurance contract between CAMICO and AMIC Ltd. In accordance with the Commutation Agreement, in full satisfaction of AMIC Ltd.'s past present and future obligations and liabilities under the reinsurance contract between CAMICO and AMIC Ltd., an aggregate sum of $15,000 is to be paid by AMIC Ltd. to CAMICO.

The entry into the Commutation Agreement resulted in a net gain of $26,398. This amount is included in losses and loss adjustment expenses in the Condensed Consolidated Statement of Operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of AmerInst and its operating wholly owned subsidiaries, AmerInst Mezco, Ltd. ("Mezco"), AMIC Ltd., and Protexure. Intercompany accounts and transactions have been eliminated on consolidation.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates reflected in the Company's financial statements include but are not limited to the liability for loss and loss adjustment expenses.

Premiums

Premiums assumed are earned on a pro rata basis over the terms of the underlying policies to which they relate. Premiums assumed relating to the unexpired portion of policies in force at the balance sheet date are recorded as unearned premiums.

Deferred policy acquisition costs

Ceding commissions related to assumed reinsurance agreements are deferred and amortized pro rata over the terms of the underlying policies to which they relate.

Liability for losses and loss adjustment expenses

The liability for unpaid losses and loss adjustment expenses included case-basis estimates of reported losses plus supplemental amounts for projected losses incurred but not reported (IBNR), calculated based upon loss projections utilizing certain actuarial assumptions and AMIC Ltd.'s historical loss experience supplemented with industry data. The aggregate liability for unpaid losses and loss adjustment expenses at year end represented management's best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of loss, based upon an actuarial analysis prepared by independent actuaries. However, because of the volatility inherent in professional liability coverage, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations. AMIC Ltd. does not discount its loss reserves for purposes of these financial statements.

We review the independent actuaries' reports for consistency and appropriateness of methodology and assumptions, including assumptions of industry benchmarks and discuss any concerns or changes with them. Our Underwriting Committee then considers the reasonableness of loss reserves recommended by our independent actuaries, in light of actual loss development during the year and approve the loss reserves to be recorded by AMIC Ltd.

The anticipated effect of inflation is implicitly considered when estimating liabilities for unpaid losses and loss adjustment expenses. Future average severities are projected based on historical trends adjusted for anticipated trends, are monitored based on actual developments and are modified if necessary.

Investments

AmerInst classified its fixed maturity investments as available-for-sale. Accordingly, AmerInst reported these fixed income securities at their estimated fair values with unrealized holding gains and losses being reported as other comprehensive income (loss). Realized gains and losses on sales of fixed maturity investments were accounted for by specifically identifying the cost and are reflected in the income statement in the period of sale.

Declines in the fair value of fixed maturity investments below cost were evaluated for other than temporary impairment losses. The evaluation for other than temporary impairment losses is a quantitative and qualitative process which is subject to risks and uncertainties in the determination of whether declines in the fair value of fixed maturity investments are other than temporary. The risks and uncertainties included the Company's intent and ability to hold the security, changes in general economic conditions, the issuer's financial condition or near term recovery prospects, and the effects of changes in interest rates. AmerInst's accounting policy requires that a decline in the value of a fixed maturity security below its cost basis be assessed to determine if the decline is other than temporary. If so, the fixed maturity security is deemed to be impaired and a charge is recorded in net realized losses equal to the difference between the fair value and the cost basis of the security. The fair value of the impaired investment becomes its new cost basis.

AmerInst had classified its equity securities as available-for-sale. Our equity investments were carried at fair value, with changes in fair value recognized within net realized and unrealized gains (losses) on the consolidated statement of operations.

Cash and cash equivalents

Cash equivalents include money market funds. Cash and cash equivalents are recorded at amortized cost, which approximates fair value due to the short-term, liquid nature of these securities.

Property and Equipment

Property and equipment are depreciated using the straight-line method with estimated useful lives ranging from 3 to 7 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred.

Developmental costs for internal use software are capitalized in accordance with the provisions of the Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") topic 350 "Intangibles—Goodwill and Other", generally, when the preliminary project stage is completed, management commits to funding and it is probable that the project will be completed and the software will be used to perform the functions intended. Capitalized internal use software costs are amortized on a straight-line basis over their estimated useful lives, generally for a period not to exceed 5 years.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences and benefits attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. Management evaluates the reliability of the deferred tax assets and assesses the need for additional valuation allowance annually.

Earnings per common share

Basic earnings per share is determined as net income available to common shareholders divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the impact of the Company's stock option plan.

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 were 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.

3. PLEDGED ASSETS

Pursuant to its reinsurance agreements, AMIC Ltd. is required to provide its ceding companies with collateral to secure its obligations to them. At December 31, 2021 and 2020, AMIC Ltd.'s collateral obligation to C&F amounted to $0 and $31,705,419, respectively. During 2021, AMIC Ltd.'s collateral obligations to C&F decreased to $0 due to the Commutation Agreement.

At December 31 2020, AMIC Ltd. has provided C&F with a Section 114 Trust, held by Comerica Bank, with restricted cash and cash equivalents and investments with a carrying value of $25,437,267. At December 31, 2020, AMIC Ltd. failed to meet its collateral obligations to C&F by $6,268,152 as AMIC Ltd. did not have sufficient restricted cash and cash equivalents and investments to meet this obligation.

Cash and Cash Equivalents at December 31, 2021 and 2020 include $1,794,001 and $2,163,741 held by Protexure in a fiduciary capacity, respectively.

4. INVESTMENTS

In September 2021, the Company liquidated its entire investment in fixed income securities and equity securities in order to fund its commitment under the Commutation Agreement, as discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations.

The cost or amortized cost, gross unrealized holding gains and losses, and estimated fair value of fixed maturity investments, by major security type, and equity securities at December 31, 2021 and 2020 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2021				
Fixed maturity investments:				
U.S. government agency securities	$ —	$ —	$ —	$ —
Obligations of U.S. states and political subdivisions	—	—	—	—
Corporate debt securities	—	—	—	—
Total fixed maturity investments	—	—	—	—
Total equity securities	—	—	—	—
Total investments	$ —	$ —	$ —	$ —

	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
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
December 31, 2021						
Fixed maturity investments:						
U.S. government agency securities	$ —	$ —	$ —	$ —	$ —	$ —
Obligations of states and political subdivisions	—	—	—	—	—	—
Corporate debt securities	—	—	—	—	—	—
Total fixed maturity investments	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—
Total equity securities	—	—	—	—	—	—
Total investments	$ —	$ —	$ —	$ —	$ —	$ —

	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)

	12 months or greater		Less than 12 months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Equity securities	—	—	—	—	—	—
Total equity securities	—	—	—	—	—	—
Total investments	$ —	$ —	$ —	$ —	$ —	$ —

As of December 31, 2021 and 2020, there were 0 and 3 fixed income securities in an unrealized loss position with an estimated fair value of $0 and $789,106, respectively. Of these fixed income securities as at December 31, 2021 and 2020, none had been in an unrealized loss position for 12 months or greater.

The cost or amortized cost and estimated fair value of fixed maturity investments at December 31, 2021 and 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
December 31, 2021		
Due in one year or less	$ —	$ —
Due after one year through five years	—	—
Due after five years through ten years	—	—
Due after ten years	—	—
Total	$ —	$ —

	Amortized Cost	Estimated Fair Value
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 maturities of investments during the twelve months ended December 31, 2021 and 2020 are as follows:

	2021	2020
Total proceeds on sales of available-for-sale securities	$ 1,684,014	$ 14,941,172
Total proceeds from redemptions of fixed maturity investments	21,650,652	3,362,080
Total proceeds from maturities of fixed maturity investments	2,336,000	2,535,000
Gross gains on sales	499,859	4,346,482
Gross losses on sales	(72,926)	(1,635,142)
Net unrealized (losses) gains on equity investments	—	(4,475,616)
Total	$ 426,933	$ (1,764,276)

Fair Value of Investments

The following tables show the fair value of the Company's investments in accordance with ASC 820, "Fair Value Measurements and Disclosures" as of December 31, 2021 and 2020.

			Fair value measurement using:		
	Carrying amount	Total fair value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2021					
U.S. government agency securities	$ —	$ —	$ —	$ —	$ —
Obligations of U.S. state and political subdivisions	—	—		—	
Corporate debt securities	—	—		—	
Total fixed maturity investments	—	—			
Equity securities	—	—			
Total equity securities	—	—			
Total investments	$ —	$ —	$ —	$ —	$ —

			Fair value measurement using:		
	Carrying amount	Total fair value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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 years ended December 31, 2021 and 2020.

In accordance with 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 FASB's 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 input that is 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 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 that there is a liquid market for the types of securities held. Broker quotes are not used for fair value pricing.

- **Obligations of U.S. state and political subdivisions**: Comprised of fixed income obligations of U.S. 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 that there is a liquid market for the 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. We consider that there is a liquid market for the 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 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 challenge any 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 any of our valuation techniques from what was used as of December 31, 2020. Since the fair value of a financial instrument is an estimate of what a willing buyer would pay for our asset if we sold it, we will not know the ultimate value of our financial instruments until they are sold. We believe the valuation techniques utilized provide us with the best estimate of the price that would be received to sell our assets or transfer our liabilities in an orderly transaction between participants at the measurement date.

Major categories of net interest and dividend income are summarized as follows:

	2021	2020
Interest earned:		
Fixed maturity investments	$ 235,090	$ 347,488
Short term investments and cash and cash equivalents	7,637	11,600
Dividends earned	13,508	134,457
Investment expenses	(50,384)	(109,735)
Net investment income	$ 205,851	$ 383,810

5. PROPERTY AND EQUIPMENT

Property and equipment, all associated with Protexure, at December 31, 2021 and 2020 at cost, less accumulated depreciation and amortization, totaled $898,560 and $1,098,420, respectively as follows:

	Cost	Accumulated Depreciation and Amortization	Total
December 31, 2021			
Furniture and fixtures	$ 36,705	$ 34,337	$ 2,368
Office equipment	107,392	84,992	22,400
Computer equipment	24,129	20,529	3,600
Internal use software	1,757,425	887,233	870,192
Total	$ 1,925,651	$ 1,027,091	$ 898,560

	Cost	Accumulated Depreciation and Amortization	Total
December 31, 2020			
Furniture and fixtures	$ 36,705	$ 31,626	$ 5,079
Office equipment	107,392	69,651	37,741
Computer equipment	23,161	17,468	5,693
Internal use software	1,712,136	662,229	1,049,907
Total	$ 1,879,394	$ 780,974	$ 1,098,420

6. TAXATION

Under current Bermuda law, the Company and its subsidiaries are not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government that, in the event of income or capital gains taxes being imposed, the Company will be exempted from such taxes until the year 2035.

However, Protexure which is a Delaware corporation domiciled in the state of Illinois is subject to taxation in the United States.

Estimates of future taxable income, including income generated from prudent and feasible actions and tax planning strategies could change in the near term, perhaps materially, which may require us to consider any potential impact to our assessment of the recoverability of the deferred tax asset. Such potential impact could be material to our consolidated financial condition or results of operations for an individual reporting period.

The actual income tax rate differed from the amount computed by applying the effective rate of 0% under Bermuda law to earnings before income taxes as shown in the following reconciliation:

	2021	2020
Earnings before income tax	$ (1,036,719)	$ (13,603,715)
Expected tax	—	—
Foreign taxes at local expected rates	6,857	38,500
Change in deferred tax asset of US subsidiary	(69,000)	950,000
Deferred tax expense from enacted rate reductions	—	—
Change in valuation allowance	624,000	—
Net tax expense	$ 561,857	$ 988,500

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. Management has reduced deferred tax assets by a valuation allowance as the ability of the Company to realize these benefits has not certain at this time. The components of net deferred income tax assets and liabilities are comprised of the following:

	2021	2020
Capitalized start-up expenses	$ 44,000	$ 58,000
Operating loss carryforwards	945,000	1,483,000
Unearned commission income	50,000	61,000
Depreciation and amortization	20,000	12,000
Deferred tax assets	$ 1,059,000	$ 1,614,000

7. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets as at December 31, 2021 and 2020 comprise the following:

	2021	2020
Prepaid expenses	171,342	212,626
Accounts receivable	520,117	920,868
Policy acquisition costs and other assets	258,996	312,193
Building right of use asset	141,360	—
Funds held with reinsurer	—	30,500
	$ 1,091,815	$ 1,476,187

8. LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Details of the liability for unpaid losses and loss adjustment expenses at December 31, 2021 and 2020 are as follows:

	2021	2020
Case basis estimates	$ —	$ 8,002,720
IBNR reserves	—	12,933,957
Totals	$ —	$ 20,936,677

Liability for losses and loss adjustment expense activity is as follows:

	2021	2020
Liability—beginning of year	$ 20,936,677	$ 13,966,044
Incurred related to:		
Current year	1,478,366	10,512,394
Prior years	—	8,343,976
Total incurred	1,478,366	18,856,370
Paid related to:		
Current year	(4,267)	(1,864,593)
Prior years	(22,410,776)	(10,021,144)
Total paid	(22,415,043)	(11,885,737)
Liability—end of year	$ —	$ 20,936,677

Current year incurred losses for the year ended December 31, 2021 are derived by multiplying our estimated loss ratio of 64.0% and the net premiums earned as at March 31, 2021, which is the effective date of the Commutation Agreement, as discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations. Prior year incurred losses represent the net gain that resulted from AMIC Ltd.'s entry into Commutation Agreement and entry in the commutation agreement with CAMIO, as also discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations.

As a result of the change in estimates of insured events in prior years, the provision for losses and loss adjustment expenses increased by $8,343,976 in 2020. The 2020 unfavorable development was primarily due to higher than expected large loss emergence in accident years 2017, 2018 and 2019.

Methodology for Estimating Incurred But Not Reported (IBNR) Reserves

Claims and claim adjustment expense reserves represent management's estimate of the ultimate liability for unpaid losses and allocated loss adjustment expenses ("ALAE") for claims that have been reported as of the balance sheet date. Claims and claim adjustment expense reserves do not represent an exact calculation of the liability, but instead represent management estimates, primarily utilizing actuarial expertise and projection methods that develop estimates for the ultimate cost of claims and claim adjustment expenses. Because the establishment of claims and claims adjustment expense reserves is an inherently uncertain process involving estimates and judgment, currently estimated claims and claim adjustment expense reserves may change. The Company reflects changes to the reserves in the results of operations in the period the estimates are changed.

Cumulative amounts paid and case reserves held as of the balance sheet date are subtracted from the estimate of the ultimate cost of claims and claim adjustment expenses to derive IBNR reserves. Accordingly, IBNR reserves includes development on known claims and re-opened claims but not unreported claims because the Company currently only writes coverages on a claims-made basis with limited potential for reporting claims after the expiration of the policy. This approach to estimating IBNR reserves has been in place for several years, with no significant changes in methodology in the past year.

Detailed claim data is typically insufficient to produce a fully reliable indication of the initial estimate for ultimate claims and claim adjustment expenses for a given policy year. As a result, the initial estimate of ultimate loss for a policy year is generally based on the selected ultimate loss in prior year's review and averages of previous policy year ultimate loss ratios trended forward to the current policy year level.

For prior policy years, the (i) the paid loss development method, (ii) the case incurred development method, (iii) the Bornhuetter-Ferguson ("B-F") method and (iv) the Cape Cod method are principally used by the Company's actuaries to estimate the ultimate cost of claims and claim adjustment expenses.

For this table, the Company allocates ultimate loss and ALAE by policy year and development age to accident year primarily based on the proportion of accident year case incurred losses within a given policy year.

Methodology for Determining Cumulative Number of Reported Claims

A claim file is created when the Company is notified of an actual demand for payment, notified of an event that may lead to a demand for payment or when it is determined that a demand for payment could possibly lead to a future demand for payment on another policy. Claim files are created for a policy at the claimant by coverage level, depending on the particular facts and circumstances of the underlying event.

The Company has accumulated claims count information by accident year from the loss data for all claims reported as at March 31, 2021 it received from C&F. The Company's methodology for determining reported claims count information is on a per claims basis by accident year and is inclusive of claims that are open, re-opened, closed with payment and closed without payment.

	For the Years Ended December 31,										IBNR Reserves Dec. 31,	Cumulative Number of Reports Claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021	Claims
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)				
	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance											
Accident Year												
2012	$ 702	$ 763	$ 393	$ 450	$ 429	$ 418	$ 365	$ 361	$ 360	$ 360	$ 0	74
2013		1,218	1,585	1,340	1,166	1,160	926	842	825	826	0	88
2014			2,589	2,640	2,562	2,641	2,743	2,082	2,035	2,034	0	169
2015				3,703	4,485	4,290	3,859	4,768	4,788	4,788	0	240
2016					4,184	4,495	3,927	3,963	3,833	3,834	0	282
2017						5,622	7,647	7,846	9,018	9,017	0	364
2018							5,450	6,523	8,847	8,847	0	442
2019								6,575	11,616	11,615	0	527
2020									10,512	10,512	0	444
2021										1,479	0	94
									Total	$ 53,313		

	For the Years Ended December 31,										Liability for Claims And Allocated Claim Adjustment Expenses Net of Reinsurance	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2021	Before 2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	Unaudited)	Unaudited)	Unaudited)				
	Paid Claims and Allocated Adjustment Expense, Net of Reinsurance											
Accident Year												
2012	$ 702	$ 763	$ 393	$ 450	$ 429	$ 418	$ 365	$ 361	$ 350	$ 350		
2013		1,218	1,585	1,340	1,166	1,160	926	842	818	818		
2014			2,589	2,640	2,562	2,641	2,743	2,082	2,012	2,012		
2015				3,703	4,485	4,290	3,859	4,768	4,232	4,381		
2016					4,184	4,495	3,927	3,963	3,413	3,473		
2017						5,622	7,647	7,846	7,305	7,370		
2018							5,450	6,523	5,981	6,521		
2019								6,575	4,964	5,582		
2020									1,864	2,457		
2021										4		
									Total	$ 32,968	$ 0	N/A

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance Unaudited									
Years	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
	7.8%	32.5%	20.0%	11.4%	7.1%	4.3%	1.2%	0.0%	0.1%	0.0%

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities as at December 31, 2021 and 2020 comprise the following:

	2021	2020
Premiums payable	2,143,468	2,850,031
Accounts payable and accrued liabilities	293,169	506,460
Unearned commission income	176,693	217,468
Building lease liability	136,816	—
Other liabilities	110,730	115,661
	$ 2,860,876	$ 3,689,620

10. SHAREHOLDERS' EQUITY

AmerInst currently does not have a public market for its common stock, but the Company has historically purchased shares from the Company's shareholders upon their death, disability or retirement from the practice of public accounting. The repurchase price has been equal to the year-end net book value per share for the most recently completed fiscal year reduced by the amount of any dividends already paid on the repurchased shares during the calendar year of the repurchase and any dividends the shareholder would be entitled to receive on the repurchased shares that have not been paid. In addition, the Bermuda Monetary Authority ("BMA") has authorized additional purchase on a negotiated case-by-case basis, and such purchases have typically been negotiated share repurchases when requested by Company shareholders.

On February 25, 2011, the Board of Directors amended and restated AmerInst's Statement of Share Ownership Policy to better manage our cash flow from year to year. Under the revised policy, we limit AMIC Ltd.'s repurchase of our common stock to $500,000 per calendar year. In addition, AMIC Ltd.is only authorized to repurchase shares, with Board approval, from shareholders upon their death, disability or retirement from the practice of public accounting. In October 2020, the Board temporarily (i) suspended the amended and restated AmerInst's Statement of Share Ownership Policy and (ii) discontinued the repurchases of our common stock, as a measure to preserve the Company's capital base. In the future, the Board may consider reinstating the amended and restated AmerInst's Statement of Share Ownership Policy if market conditions and the Company's capital base support reinstatement.

11. PREMIUMS WRITTEN

Premiums written were $(2,041,258) and $11,162,731 during 2021 and 2020, respectively. The decrease in net premiums written was due to the Commutation Agreement. The premiums written during the year ended December 31, 2020 were attributable to premium cessions from C&F under the Reinsurance Agreement.

12. OPERATING AND MANAGEMENT EXPENSES

With the exception of Protexure, AmerInst and its other direct and indirect subsidiaries have no employees. Their operating activities, as well as certain management functions, are performed by contracted professional service providers. Davies Captive Management Limited provides AmerInst and AMIC Ltd. certain management, administrative and operations services under the direction of AmerInst's Board of Directors pursuant to an agreement. The agreement may be terminated by either party upon not more than 90 days nor less than 60 days prior written notice. Mr. Thomas R. McMahon, our Treasurer and Chief Financial Officer, is an officer, director and employee of Davies Captive Management Limited. The Company paid Davies Captive Management Limited $352,322 and $362,000 in fees during 2021 and 2020, respectively.

Operating and management expenses include compensation paid to members of the Board of Directors and various committees of the Board totaling $148,924 in 2021 and $381,650 in 2020. Included as a part of this compensation are annual retainers paid to directors in the form of common shares of the Company in the amount of $0 and $70,000 for the years ended December 31, 2021 and 2020, respectively. Such amounts are included as part of purchase of shares by subsidiary, net**,** in the consolidated statements of changes in shareholders' equity and cash flows.

In 2021 the company discontinued paying annual retainers as part of compensation to its members of the Board of Directors as a cost savings measure.

13. DIVIDEND RESTRICTIONS AND STATUTORY REQUIREMENTS

Our ability to pay dividends to our shareholders and to pay our operating expenses is dependent on cash dividends from our subsidiaries. AMIC Ltd.'s ability to pay dividends to AmerInst is subject to the provisions of the Bermuda insurance and companies laws and the requirement to provide the ceding companies with collateral. Under the Companies Act, AMIC Ltd. would be prohibited from declaring or paying a dividend if such payment would reduce the realizable value of its assets to an amount less than the aggregate value of its liabilities, issued share capital, and share premium accounts. In addition, AMIC Ltd. must be able to pay its liabilities as they become due in the ordinary course of its business, and fund its collateral obligations to ceded companies, after the payment of a dividend. The payment of such dividends by AMIC Ltd. to us is also limited under Bermuda law by the Insurance Act and Related Regulations which require that AMIC Ltd. maintain minimum levels of solvency and liquidity as described above. For the years ended December 31, 2021 and 2020 these requirements have been met as follows:

	Statutory Capital & Surplus		Relevant Assets	
	Minimum	**Actual**	**Minimum**	**Actual**
December 31, 2021	$ 1,000,000	$ 13,589,876	$ —	$ 619,096
December 31, 2020	$ 3,140,502	$ 24,746,999	$ 21,550,831	$ 28,678,753

At December 31, 2021, approximately $.6 million was available for the declaration of dividends by AMIC Ltd. to us. Management expects that any dividend AMIC, Ltd. declares to us over the next twelve-month time period will be utilized entirely by us to fund our day-to-day operations. Therefore, as of December 31, 2021, no amount was available for the declaration of dividends by us to our shareholders.

Statutory loss for the years ended December 31, 2021 and 2020 was $574,228 and $16,483,222, respectively.

14. SEGMENT INFORMATION

For 2021, AmerInst had 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 C&F Agency Agreement.

	As of and for the Year Ended December 31, 2021		
	Reinsurance Segment	**Insurance Segment**	**Total**
Revenues	$ 3,213,768	$ 3,405,122	$ 6,618,890
Total losses and expenses	4,013,676	4,199,245	8,212,921
Segment loss	(799,908)	(794,123)	(1,594,031)
Identifiable assets	—	898,560	898,560

	As of and for the Year Ended December 31, 2020		
	Reinsurance Segment	**Insurance Segment**	**Total**
Revenues	$ 10,463,588	$ 5,702,708	$ 16,166,296
Total losses and expenses	27,498,921	3,259,590	30,758,511
Segment (loss) income	(17,035,333)	2,443,118	(14,592,215)
Identifiable assets	—	1,098,420	1,098,420

15. STOCK COMPENSATION

Phantom Shares:

Protexure Insurance Agency, Inc. ("Protexure"), a subsidiary of AmerInst, has employment agreements with two key members of senior management, which grant them phantom shares of the Company. Under these agreements, these employees were initially granted an aggregate of 48,762 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 year, no phantom shares were granted.

For these two 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.

During the third quarter of 2021, the death occurred of one former key member of Protexure's senior management, who had been granted phantom shares. At the date of his death, this former employee held 13,483 phantom shares, which vested on January 1, 2015. Due to the overall decrease in the net book value of the Company's common shares since the grant date of his phantom shares, there is no liability payable by the Company to this former employee relating to these phantom shares. The following table provides a reconciliation of the beginning and ending balance of vested phantom shares for the year ended December 31, 2021:

62,920 and 76,403 phantom shares were outstanding at December 31, 2021 and December 31, 2020, respectively. The following table provides a reconciliation of the beginning and ending balance of vested phantom shares for the year ended December 31, 2021:

	Number of Phantom Shares
Outstanding—beginning	76,403
Granted—arising from dividends declared during the year	-
Forfeited—due to death	(13,483)
Outstanding—ending	62,920

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 December 31, 2021.

Stock Option Plan:

A summary of the status of the stock option plan as of December 31, 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	8,900	28.52	(8,900)	28.52	—	—
Outstanding—December 31, 2021	34,200	$ 28.43	10,800	$ 28.86	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)	1.2		1.4		1.3	

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	

No options were granted during 2021 and 2020 and 2019.

Information pertaining to options outstanding at December 31, 2021 is as follows:

	Options Outstanding			Options Exercisable		
Range of exercise price	**Number Outstanding**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (years)**
$27.99	7,000	1.0	$ 27.99	28,000	$ 27.99	1.0
$30.58	2,800	2.0	$ 30.58	4,200	$ 30.58	2.0
$30.14	1,000	2.8	$ 30.14	2,000	$ 30.14	2.8

Information pertaining to options outstanding at December 31, 2020 is as follows:

	Options Outstanding			Options Exercisable		
Range of exercise price	**Number Outstanding**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (years)**
$27.99	14,000	2.0	$ 27.99	21,000	$ 27.99	2.0
$30.58	4,200	3.0	$ 30.58	2,800	$ 30.58	3.0
$30.14	1,500	3.8	$ 30.14	1,500	$ 30.14	3.8

At December 31, 2021, there was no intrinsic value associated with (i) the 35,000 options granted March 3, 2017, (ii) the 7,000 options granted on January 1, 2018 and (iii) the 5,000 optioned granted on October 1, 2018 where the market value of the stock as of the close of business at year end was $5.92 per share as compared with the option exercise prices of $27.99, $30.58 and $30.14, respectively.

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 $(178,483) of compensation expense for stock options in the years ended December 31, 2021 and 2020, respectively.

16. COMMITMENTS AND CONTINGENCIES

Protexture leases office space under a non-cancellable lease agreement. The lease is renewable at the option of the lessee under certain conditions. In June 2021, the company executed a lease extension to July 31, 2023. Minimum lease payments, subsequent to December 31, 2021 are $100,470 in 2022 and 60,331 in 2023.

The company may be eligible for an employee retention credit for 2020 & 2021 but the amount of the credit and eligibility is uncertain at this time. Management anticipates filing the required applications to obtain such credits when further clarity on entitlement is obtained.

17. UNAUDITED CONDENSED QUARTERLY FINANCIAL DATA

2021	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net premiums earned	$ 2,070,381	$ 2,248,830	$ (1,737,803)	—
Commission income	1,033,475	814,161	808,896	748,166
Net investment income	70,989	75,742	57,893	1,227
Net realized and unrealized gain	30,558	51,523	344,852	—
Total revenues	$ 3,205,403	$ 3,190,256	$ (562,162)	$ 749,393
Net (loss) income	$ 344,147	$ (93,078)	$ (955,112)	$ (889,988)
Basic (loss) income per share	$ 0.55	$ (0.15)	$ (1.54)	$ (1.43)
Diluted (loss) income per share	$ 0.55	$ (0.15)	$ (1.54)	$ (1.43)

2020	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net premiums earned	$ 2,579,616	$ 2,930,898	$ 3,437,196	$ 2,900,753
Commission income	1,637,601	1,467,696	1,437,181	1,155,821
Net investment income	111,811	97,024	99,444	75,531
Net realized and unrealized gain	(4,377,990)	1,625,128	988,562	24
Total revenues	$ (48,962)	$ 6,120,746	$ 5,962,383	$ 4,132,129
Net (loss) income	$ (4,477,597)	$ 1,465,255	$ (8,277,992)	$ (3,301,881)
Basic (loss) income per share	$ (7.16)	$ 2.34	$ (13.23)	$ (5.31)
Diluted (loss) income per share	$ (7.16)	$ 2.34	$ (13.23)	$ (5.31)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no changes in, or disagreements with accountants on accounting and financial disclosure. Our retention of Deloitte Ltd. has been ratified by our Audit Committee and our shareholders. There have been no disagreements with Deloitte Ltd. with respect to any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

As of December 31, 2021, the end of the period covered by this Annual Report on Form 10-K, our management, including our President and Chief 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 President and Chief Financial Officer each concluded that as of December 31, 2021, the end of the period covered by this Annual Report on Form 10-K, we maintained effective disclosure controls and procedures.

Management's Report on Internal Control Over Financial Reporting.

The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Under the supervision and with the participation of management, including the President and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation under the framework in Internal Control—Integrated Framework, our management has concluded we maintained effective internal control over financial reporting, as such term is defined in Securities Exchange Act of 1934 Rule 13a-15(f), as of December 31, 2021.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management is also responsible for the preparation and fair presentation of the consolidated financial statements and other financial information contained in this report. The accompanying consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles and include, as necessary, best estimates and judgments by management.

Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the exemption from this requirement for smaller reporting companies under SEC rules. Consequently, this annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting.

Change in Internal Control.

Our management, including the President and Chief Financial Officer, has reviewed our internal control. There have been no changes in our internal control during our most recently completed fiscal quarter that materially affected, or is likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

None

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 of Form 10-K with respect to identification of directors and officers is incorporated by reference from the information contained in the section captioned "Election of Directors" in the Company's definitive Proxy Statement for the Annual General Meeting of Shareholders to be held on June 2, 2022 (the "Proxy Statement"), a copy of which we intend to file with the SEC within 120 days after the end of the year covered by this Annual Report on Form 10-K. The Company has two executive officers, one of whom is a director of the Company.

Code of Ethics

We have a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including our principal executive officer and our principal financial officer. You can find our Code of Business Conduct and Ethics on our internet site, *www.amerinst.bm*. We will post any amendments to the Code of Business Conduct and Ethics and any waivers that are required to be disclosed by the rules of the SEC on our internet site.

Section 16 Compliance

Information appearing under the caption "Other Matters—Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement is incorporated herein by reference.

Audit Committee

Information appearing under the captions "Election of Directors—Meetings and Committees of the Board" and "—Report of the Audit Committee" in the Proxy Statement is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11 of Form 10-K is incorporated by reference from the information contained in the section captioned "Election of Directors—Executive and Director Compensation" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The following table provides certain information regarding our 2016 Stock Option Plan as of December 31, 2021.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)**
	(a)	**(b)**	**(c)**
Equity Compensation Plans Approved by Securities Holders.....	—	—	—
Equity Compensation Plans Not Approved by Securities Holders...	45,000	$ 28.54	55,000
Total...	44,500	$ 28.54	55,500

The information required by Item 12 of Form 10-K is incorporated by reference from the information contained in the section captioned “Other Matters—Security Ownership of Certain Beneficial Owners and Management” in the Company’s Proxy Statement relating to its Annual General Meeting to be held on June 2, 2022.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 of Form 10-K is incorporated by reference from the information contained in the sections captioned “Other Matters—Certain Relationships and Related Transactions” and “Election of Directors” in the Company’s Proxy Statement relating to its Annual General Meeting to be held on June 2, 2022.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 of Form 10-K is incorporated by reference from the information in the section captioned “Appointment of Auditors” in the Company’s Proxy Statement relating to its Annual General Meeting to be held on June 2, 2022.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) See Index to Financial Statements and Schedules on page 24.

(a)(2) See Index to Financial Statements and Schedules on page 24.

(a)(3) See Index to Exhibits set forth on pages 56 – 57 which is incorporated by reference herein.

(b) See Index to Exhibits which is incorporated by reference herein.

(c) See Index to Financial Statements and Schedules on page 24.

The Index to Exhibits beginning on page 56 of this Annual Report on Form 10-K is incorporated by reference to this Item 15.

Item 16. Form 10-K Summary

Not Applicable.

INDEX TO EXHIBITS

Year ended December 31, 2021

Exhibit Number	Description
3.1	Memorandum of Association of AmerInst Insurance Group Ltd.—incorporated by reference herein to Exhibit 3.1 of the Registrant's Registration Statement on Form S-4 (filed 3/2/99) (No. 333-64929)
3.2	Bye-laws of the Company—incorporated by reference herein to Exhibit 3.2 of the Registrant's Registration Statement on Form S-4A (filed 6/29/99) (No. 333-64929)
4.1	Section 47 of the Company's Bye-laws—included in Exhibit 3.2 hereto
4.2	Statement of Stock Ownership Policy—incorporated by reference herein to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (filed 12/18/08) (No. 000-28249)
10.1	Agreement between Country Club Bank and AIIC—incorporated by reference herein to Exhibit 10.2 of AMIG's Annual Report on Form 10-K (filed 3/30/92) (No. 000-17676)(P)
10.2	Investment Advisory Agreement For Discretionary Accounts between AmerInst Insurance Company and Harris Associates L.P. dated as of January 22, 1996, as amended by the Amendment to Investment Advisory Agreement for Discretionary Accounts dated as of April 2, 1996—incorporated by reference herein to the Registrant's Quarterly Report on Form 10-Q (filed 11/13/98) (No. 000-28249)(P)
10.3	Management Agreement between USA Risk Group (Bermuda), Ltd., Cedar Management Limited and AMIC Ltd. dated July 1, 2008—incorporated herein by reference to the Registrant's Annual Report on Form 10-K (filed 3/31/09) (No. 000-28249)
10.4	Employment Agreement effective May 20, 2019 between Protexure Insurance Agency, Inc and F. Kyle Nieman III effective May 20, 2019
10.5	Agency Agreement effective September 25, 2009 among AmerInst Professional Services, Limited, 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—incorporated by reference herein to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (filed 11/13/09) (No. 000-28249)
10.6	Professional Liability Quota Share Agreement dated September 25, 2009 among AmerInst Insurance Company, Ltd., 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—incorporated by reference herein to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q (filed 11/13/09) (No. 000-28249)
10.7	Addendum to Management Agreement between USA Risk Group (Bermuda), Ltd., Cedar Management Limited and AMIC Ltd. effective January 1, 2012 (filed 3/29/12) (No. 000-28249)
10.8	AmerInst Insurance Group, Ltd. 2016 Stock Option Plan—incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (filed 6/9/16)(No. 000-28249).
10.9	Addendum to Management Agreement between Citadel Management Bermuda Limited and AMIC Ltd. effective January 1, 2020 (filed 3/30/20) (No. 000-28249).
10.10	Addendum to Management Agreement between Davies Captive Management Limited and AMIC Ltd. effective January 1, 2022*
10.11	Form of Non-Qualified Stock Option Agreement (filed 3/31/17) (No. 000-28249)
10.12	Commutation and Release Agreement, dated October 12, 2021, among AmerInst Insurance Company, Ltd., 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— incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (filed 10/18/21) (No. 000-28249).
10.13	First Amendment to Agency Agreement, dated October 12, 2021, among Protexure Insurance Agency, Inc. f/k/a AmerInst Professional Services Limited, 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— incorporated herein by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K (filed 10/18/21) (No. 000-28249).
10.14	Managing General Agency Agreement, dated January 1, 2022, by and between Amwins Specialty Casualty Solutions, LLC and Protexure Insurance Agency, Inc.*
11.1	Statement re Computation of Per Share Earnings.**

Exhibit Number	Description
21.1	Subsidiaries of the Registrant—incorporated by reference herein to Exhibit 21.1 of the Registrant's Annual Report on Form 10-K (filed 3/29/12) (No. 000-28249)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification 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*
101.SCH	Inline XBRL Instance Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
104	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)

* Filed electronically herewith

** The information required to be presented in Exhibit 11.1 is provided in Note 2 to the consolidated financial statements under Part II, Item 8 of this Form 10-K in accordance with the provisions of U.S. GAAP.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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: March 30, 2022

AMERINST INSURANCE GROUP, LTD.

By: /S/ STUART H. GRAYSTON

Stuart H. Grayston,
President (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/S/ STUART H. GRAYSTON **Stuart H. Grayston**	President and Director (Principal Executive Officer)	March 30, 2022
/S/ THOMAS R. MCMAHON **Thomas R. McMahon**	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 30, 2022
/S/ IRVIN F. DIAMOND **Irvin F. Diamond**	Director and Chairman of the Board	March 30, 2022
/S/ JEROME A. HARRIS **Jerome A. Harris**	Director and Vice-Chairman of the Board	March 30, 2022
/S/ JEFFRY I. GILLMAN **Jeffry I. Gillman**	Director	March 30, 2022
/S/ DAVID R. KLUNK **David R. Klunk**	Director	March 30, 2022
/S/ THOMAS B. LILLIE **Thomas B. Lillie**	Director	March 30, 2022
/S/ Vincent C. Pangia **Vincent C. Pangia**	Director	March 30, 2022
/S/ Joseph P. Murphy **Joseph P. Murphy**	Director	March 30, 2022

ADDENDUM # 14 TO THE
CAPTIVE INSURANCE COMPANY MANAGEMENT SERVICES AGREEMENT
BETWEEN
DAVIES CAPTIVE MANAGEMENT LIMITED ("MANAGER")
(Formerly Citadel Management Bermuda Limited)
AND
AMERINST INSURANCE COMPANY, LTD. ("COMPANY")
EFFECTIVE: January 1, 2022

Management Agreement Addendum

1) It is hereby agreed that the COMPANY will compensate MANAGER as follows:
   For the period from January 1, 2022, to March 31, 2022 - $87,500,
   For each quarter commencing April 1, 2022, July 1, 2022, and October 1, 2022 - $20,000 per quarter. (to be reviewed in June 2022).
2) Cause the above fees to be paid in advance at the beginning of each calendar quarter.
3) Reimburse MANAGER for reasonable out-of-pocket expenses incurred during the management of the COMPANY including courier and express mail service; long distance telephone calls; travel and meeting expenses incurred at the request of the COMPANY; costs of COMPANY stationery; filing fees; and similar expenses.
4) MANAGER to provide COMPANY with time summaries on a biannual basis.

COMPANY agrees that special projects will be invoiced separately at agreed upon fees or rates.

IN WITNESS WHEREOF, the parties have duly executed this Addendum this 22nd day of March 2022.

By: /s/ THOMAS R. MCMAHON
Davies Captive Management Limited

By: /s/ STUART H. GRAYSTON
AmerInst Insurance Company, Ltd.

Exhibit 31.1

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

I, Stuart H. Grayston, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 30, 2022

/s/ STUART H. GRAYSTON

Stuart H. Grayston
President (Principal Executive Officer)

Exhibit 31.2

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

I, Thomas R. McMahon, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 30, 2022

/s/ THOMAS R. MCMAHON

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

Exhibit 32.1

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

In connection with the Annual Report of AmerInst Insurance Group, Ltd. (the “Company”) on Form 10-K for the period ended December 31, 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)

March 30, 2022

Exhibit 32.2

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

In connection with the Annual Report of AmerInst Insurance Group, Ltd. (the "Company") on Form 10-K for the period ended December 31, 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)

March 30, 2022