

## AmerInst Insurance Group, Ltd.

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July 18, 2007

Dear Shareholders:

### ANNUAL GENERAL MEETING

AmerInst Insurance Group, Inc. held its Annual General Meeting for shareholders on May 31, 2007. At the meeting, shareholders re-elected Stuart H. Grayston, Jerome A. Harris, and David N. Thompson as directors, and elected Thomas B. Lillie as a new director; all received 97% support from our voting shareholders. Our next *AmerInst Advisor* will give all of you a chance to learn more about Tom and why the Board is very pleased to have him join us as we prepare AmerInst for the next generation of ownership. Deloitte & Touche will continue as the Company's independent auditor, with the approval of 97% of those who voted on this issue.

The board of directors currently expects that the next semi-annual dividend of \$0.45 per share will occur during the third quarter of 2007.

### JUNE BOARD MEETING HIGHLIGHTS

As part of the Company's leadership succession plan, Ronald Katch has stepped down as Chairman and the Board elected Irv Diamond as his successor. Mr. Stuart Grayston will continue as President and Murray Nicol (a Chartered Accountant) will continue as our treasurer and CFO.

At the meeting, the entire Board gave its heartfelt thanks to Ron Katch for his leadership and for the many years he has devoted to AmerInst. Ron will continue to serve on several key committees and his wisdom will continue to be available to the Board. All seven AmerInst Directors who hold their CPA certificates have specific leadership responsibilities for each of our seven standing committees. Because of the unique nature of the company, these duties require many hours of work between board meetings in overseeing the work of our investment advisors, lawyers, auditors, public relations counsel, re-insurance activities and other corporate projects.

### OPERATIONS

Our net premiums earned for the first quarter of 2007 were \$2,234,048 compared to \$2,049,657 for the first quarter of 2006. We recorded losses and loss adjustment expenses for the first quarter of 2007 of \$1,590,660 compared to \$1,484,872 for the first quarter of 2006. Our loss ratio for the first quarter of 2007 was 71.2%, compared to 72.4% for the same period of 2006. The loss ratio represents our management's current estimate of the effective loss rate selected in consultation with our independent consulting actuary.

We recorded net investment income of \$394,156 in the first quarter of 2007 compared to \$296,789 for the same period of 2006, an increase of \$97,367 or 32.8%. These results are primarily due to an increase in dividend income on the equity portfolio. The general rise in interest rates from 2006 to 2007 also contributed to the increase. Annualized

investment yield for the three months ended March 31, 2007 was approximately 2.9% as compared to 2.4% for the first three months of 2006. We realized capital gains of \$53,068 during the three months ended March 31, 2007 compared to \$419,736 in capital gains in the same period of 2006.

Policy acquisition costs continued at the contractual rate. Other operating and management expenses increased from \$489,139 in the first quarter of 2006 to \$609,821 in the first quarter of 2007. The primary reason for this increase was patent and business development expenses.

We recorded a net loss of \$161,377 for the first quarter of 2007 compared to net income of \$142,003 for the same period of 2006. These results are due to an increase in our operating and management expenses for the period and lower gains realized on investments, partially offset by higher net premiums earned and net investment income.

All quarterly data is available in our Form 10-Q for the three months ended March 31, 2007. We urge you to read the entire filing located at [http://www.amerinst.bm/filings/amerinst\\_10Q\\_3-31-07.pdf](http://www.amerinst.bm/filings/amerinst_10Q_3-31-07.pdf) or call our shareholder relations department at 1-800-422-8141 to order a copy by mail.

#### OTHER INFORMATION

AmerInst plays a critical role in ensuring stability in the accountant's professional liability insurance market. We believe that the value inherent in being a public company, subject to the regulatory standards and supervision by the SEC, far outweighs the increased costs associated with Sarbanes-Oxley compliance. AmerInst takes very seriously our obligation to future generations of CPAs, and has adopted a conservative investment philosophy intended to ensure that the company operates with a strong capital foundation and can continue to fulfill its role for years to come.

#### OTHER NEWS

Periodically, the Company compares its performance relative to other reinsurance companies. According to a recent comparison, AmerInst's operating performance and balance sheet ratios were ranked in the top quartile. The overall performance record of the Company also compares favorably to other reinsurers. Shareholders who originally invested \$8.33 per share in 1987 have received more than their original investment back in full (\$14.63 per share) and are continuing to benefit from the steady annual dividend payout and increases in the redemption value of their stock when they retire from CPA practice. This financial performance has resulted in an effective annual rate of return of approximately 10.79% from the inception of the Company, based on the original per share purchase price, and using an unaudited book value of \$32.33 per share as of March 31, 2007.

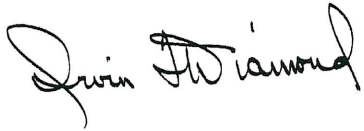
The AmerInst Community Relations Program has issued its 2007 annual grants to the Ohio and Kentucky State CPA Societies. These grants are designed to acknowledge state societies that actively give back to their communities or our profession. Both of these hard working State Societies have already received their grants and the money is being used to enhance their programs. AmerInst established its Community Relations Program in 2004 to support projects that benefit the CPA profession in the United States. Our program, designed to re-invest much needed resources in our profession, appeared in the June, 2007 issue of the Journal of Accountancy (page 69).

We continue to support the AICPA Foundation as it strives to improve the status of our profession and enhance the ability of CPAs to serve the United States economy. We are currently exploring ways in which AmerInst can make a more direct effort to help recruit and attract the best and the brightest young people to carry on the work of our profession.

Shareholder inquiries, requests for change of mailing or e-mail address, transfer, name change, and redemption of shares due to death, retirement or disability should continue to be referred to our Shareholder Services Division: **AmerInst Insurance Group, Ltd. – Shareholder Services, P.O. Box 1330, Montpelier, VT 05601-1330, Tel: 1-800-422-8141/Fax: 802-229-6280, E-mail: AmerInst@vim.usarisk.com**

AmerInst needs your up-to-date e-mail address and contact information. Please go to the website at <http://www.Amerinst.bm> and click on **»Contact Us** to update your records. In 2005, we introduced a shareholder newsletter, “AmerInst Advisor”, to keep you abreast of the latest company reports.

Sincerely,

A handwritten signature in black ink that reads "Irvin F. Diamond". The signature is written in a cursive style with a large, stylized initial "I".

Irvin F. Diamond, CPA  
Chairman