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

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the Quarterly Period ended September 30, 2007.

☐ **Transition report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934.**

For the transition period from ______ to ______.

Commission file number 000-28249

AMERINST INSURANCE GROUP, LTD.
(Exact Name of Registrant as Specified in its Charter)

BERMUDA	**98-0207447**
(State or other jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
c/o USA Risk Group (Bermuda) Ltd. Windsor Place, 18 Queen Street, 2nd Floor P.O. Box HM 1601, Hamilton, Bermuda	**HMGX**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (441) 296-3973

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

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

As of November 1, 2007, the registrant had 995,253 common shares, $1.00 par value per share, outstanding.

Part I—FINANCIAL INFORMATION

Item 1. Financial Statements

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, expressed in U.S. dollars)

	As of September 30, 2007	As of December 31, 2006
ASSETS		
INVESTMENTS		
Fixed maturity investments, at market value (amortized cost $26,129,995 and $27,242,735)	$26,092,901	$27,172,788
Equity securities, at market value (cost $19,366,456 and $17,909,268)	27,272,734	25,448,425
TOTAL INVESTMENTS	53,365,635	52,621,213
Cash and cash equivalents	1,507,680	1,784,344
Restricted cash and cash equivalents	1,874,069	1,055,866
Assumed reinsurance balances receivable	625,040	556,822
Fund deposit with a reinsurer	113,382	113,382
Accrued investment income	226,021	229,824
Deferred policy acquisition costs	998,443	1,090,727
Prepaid expenses and other assets	191,216	219,132
TOTAL ASSETS	$58,901,486	$57,671,310
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	$29,699,466	$28,161,369
Unearned premiums	3,486,953	3,790,692
Assumed reinsurance balances payable	20,567	43,362
Accrued expenses and other liabilities	371,090	195,463
TOTAL LIABILITIES	33,578,076	32,190,886
STOCKHOLDERS' EQUITY		
Common shares, $1 par value, 2007 and 2006: 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	14,978,286	15,216,651
Accumulated other comprehensive income	7,869,184	7,469,210
Shares held by Subsidiary (243,806 and 231,785 shares) at cost	(4,806,606)	(4,487,983)
TOTAL STOCKHOLDERS' EQUITY	25,323,410	25,480,424
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$58,901,486	$57,671,310

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

AMERINST INSURANCE GROUP, LTD.

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

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
REVENUE				
Net premiums earned	$ 5,889,197	$ 6,442,252	$ 2,102,940	$ 2,187,221
Net investment income	1,187,193	984,023	397,948	334,998
Net realized gain (loss) on investments	1,372,201	837,845	451,358	(127,357)
TOTAL REVENUE	8,448,591	8,264,120	2,952,246	2,394,862
LOSSES AND EXPENSES				
Losses and loss adjustment expenses	4,192,861	4,696,578	1,495,531	1,531,055
Policy acquisition costs	1,667,448	1,918,539	596,851	628,620
Operating and management expenses	1,616,797	1,476,759	527,157	454,930
TOTAL LOSSES AND EXPENSES	7,477,106	8,091,876	2,619,539	2,614,605
NET INCOME (LOSS)	$ 971,485	$ 172,244	$ 332,707	$ (219,743)
OTHER COMPREHENSIVE INCOME (LOSS)				
Net unrealized holding gains (losses) arising during the period	1,772,175	1,463,246	124,722	1,260,514
Reclassification adjustment for (gains) losses included in net income	(1,372,201)	(837,845)	(451,358)	127,357
OTHER COMPREHENSIVE INCOME (LOSS)	399,974	625,401	(326,636)	1,387,871
COMPREHENSIVE INCOME	$ 1,371,459	$ 797,645	$ 6,071	$ 1,168,128
RETAINED EARNINGS, BEGINNING OF PERIOD	$15,216,651	$12,499,613	$14,983,730	$12,598,376
Net income (loss)	971,485	172,244	332,707	(219,743)
Dividends	(1,209,850)	(595,924)	(338,151)	(302,700)
RETAINED EARNINGS, END OF PERIOD	$14,978,286	$12,075,933	$14,978,286	$12,075,933
Per share amounts*				
Net income (loss)	$ 1.29	$ 0.25	$ 0.44	$ (0.32)
Dividends	$ 1.60	$ 0.88	$ 0.45	$ 0.45
Weighted average number of shares outstanding for the entire period (for basic and diluted)	754,300	673,537	751,447	672,666

* The per share amounts have been adjusted retroactively for all periods presented to reflect the share dividend of two shares for every share outstanding completed in the second quarter of 2006.

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

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, expressed in U.S. dollars)

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
OPERATING ACTIVITIES		
Net Cash Provided by Operating Activities	$ 2,043,122	$ 2,475,529
INVESTING ACTIVITIES		
Movement in restricted cash and cash equivalents	(818,203)	735,402
Purchases of investments	(22,573,071)	(23,537,979)
Proceeds from sales of investments	18,619,961	17,745,670
Proceeds from maturities of fixed maturity investments	3,980,000	2,417,500
Net Cash Used in Investing Activities	(791,313)	(2,639,407)
FINANCING ACTIVITIES		
Purchase of shares by subsidiary	(318,623)	(154,450)
Dividends paid	(1,209,850)	(595,924)
Net Cash Used in Financing Activities	(1,528,473)	(750,374)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (276,664)	$ (914,252)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	$ 1,784,344	$ 2,282,039
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,507,680	$ 1,367,787

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

AMERINST INSURANCE GROUP, LTD.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
September 30, 2007

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by AmerInst Insurance Group, Ltd. ("AmerInst" or the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC" or the "Commission"), and reflect all adjustments consisting of normal recurring accruals, which are, in the opinion of management, necessary for a fair presentation of the results of operations for the periods shown. These statements are condensed and do not incorporate all the information required under generally accepted accounting principles to be included in a full set of financial statements. It is suggested that these condensed statements be read in conjunction with the consolidated financial statements at and for the year ended December 31, 2006 and notes thereto, included in AmerInst's annual report for the year then ended.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Statement ("FAS") 157, *Fair Value Measurement*. This statement provides guidance for using fair value to measure assets and liabilities. Under this standard, the definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). FAS 157 clarifies that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets and the lowest priority to unobservable data. Further, FAS 157 requires tabular disclosures of the fair value measurements by level within the fair value hierarchy. FAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of a fiscal year. The Company is currently evaluating the potential impact of FAS 157 on its financial statements when adopted.

In February 2007, the FASB issued FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This statement is expected to expand the use of fair value measurement, which is consistent with the FASB's long-term measurement objectives for accounting for financial instruments. The fair value option will permit all entities to choose to measure eligible items at fair value at specified election dates. An entity shall record unrealized gains and losses on items for which the fair value option has been elected through net income in the statement of operations at each subsequent reporting date. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company is currently evaluating the potential impact of FAS 159 on its financial statements.

Share Dividend

On March 2, 2006, the board of directors of AmerInst approved a share dividend of two shares of common stock for every share held by shareholders of record on April 2, 2006, subject to shareholder approval of an increase in the number of our authorized shares. Such approval was received at the AmerInst 2006 Annual General Meeting on June 1, 2006, which increased the authorized share capital of the Company from $500,000 to $2,000,000. The total issued shares were 331,751 prior to the share dividend and 995,253 afterwards. Unless otherwise noted, all share and per share numbers in our Condensed Consolidated Financial Statements and elsewhere in this quarterly report on Form 10-Q reflect the share dividend.

Rights Offering

AmerInst filed a registration statement on Form S-3 with the SEC on June 15, 2006 to register a rights offering to existing shareholders. The registration statement was amended on July 20, 2006 and declared effective on July 24, 2006. Pursuant to the rights offering, which was mailed to shareholders on July 28, 2006, each shareholder received a right to purchase one share of common stock for each share currently owned, at a price of $23.33 per share (after giving effect to the share dividend). Further information concerning the rights offering is contained in the prospectus dated July 28, 2006 and in our S-3 registration statement on file with the SEC. A total of 97,927 rights were exercised prior to October 4, 2006, the expiration date of the oversubscription right under the rights offering. As a result, 97,927 shares were subsequently sold by AmerInst Investment Company, Ltd. to shareholders exercising rights, for a total purchase price of $2,284,637, before rights offering costs of $277,057. Of the shares sold in the rights offering, 21,461 shares were purchased by AmerInst directors for a total purchase price of $500,685.

Segment Information

Effective in 2006, AmerInst had two operating segments: 1) reinsurance activity and 2) the new insurance financing product (RINITS™), which was in the initial marketing phase of development. The results for the reinsurance activity were as follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Revenues	$8,448,591	$8,264,120	$2,952,246	$2,394,863
Total losses and expenses	6,929,227	7,748,776	2,419,484	2,468,262
Segment income (loss)	1,519,364	515,344	532,762	(73,399)

The RINITS segment, offers a mechanism to securitize insurance and reinsurance risk, involving property, casualty, life and health lines of insurance. This segment as of September 30, 2007, had generated no revenue. The results for the RINITS activity were as follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Operating and management expenses–segment loss	$ 547,879	$ 343,100	$ 200,055	$ 146,343

The combined total net income for both segments is as follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Total net income (loss)	$ 971,485	$ 172,244	$ 332,707	$ (219,742)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Unless otherwise indicated by the context, in this quarterly report we refer to AmerInst Insurance Group, Ltd. and its subsidiaries as the "Company," "we" or "us." Also, unless otherwise indicated by the context, "AmerInst" means the parent company, AmerInst Insurance Group, Ltd. Our principal offices are c/o USA Risk Group (Bermuda) Ltd., Windsor Place, 18 Queen Street, 2nd Floor, P.O. Box HM 1601, Hamilton HM GX, Bermuda. On December 2, 1999, AmerInst Insurance Group, Ltd. and its predecessor entity, AmerInst Insurance Group, Inc., a Delaware corporation, consummated an exchange transaction pursuant to an Exchange Agreement, in which AmerInst Insurance Group, Inc. transferred all of its assets and liabilities to AmerInst in exchange for newly issued common shares of AmerInst. AmerInst Insurance Group, Inc. was then liquidated and its shareholders received, on a share-for-share basis, the newly issued common shares of AmerInst.

Our primary purpose is to maintain an insurance company which is intended to exert a stabilizing influence on the design, pricing and availability of accountants' professional liability insurance. Historically, the sole business activity of our wholly-owned insurance company subsidiary, AmerInst Insurance Company, Ltd., has been to act as a reinsurer of professional liability insurance policies that are issued under the Professional Liability Insurance Plan sponsored by the American Institute of Certified Public Accountants ("AICPA"). The AICPA plan offers professional liability coverage to accounting firms and individual certified public accountants ("CPAs") in all 50 states. Effective June 1, 2005, we accepted a 5% share in the first excess layer of $2,000,000 excess of $1,000,000 of CAMICO Mutual Insurance Company ("CAMICO"), a California-based writer of accountants' professional liability business. Effective June 1, 2007, the contract renewed with our share reduced to 2.5%. Approximately 25,000 accounting firms and individual CPAs are insured under these plans. We also reinsured attorneys' professional liability in 2003. We continue to look for ways in which it may be advantageous to expand our business to include the reinsurance of lines of coverage other than accountants' professional liability. Any such expansion may be subject to our obtaining regulatory approvals, among other things.

Our reinsurance activity depends upon agreements with outside parties. In August 1993, we began the current reinsurance relationship with CNA Financial Corporation ("CNA"), taking a 10% participation of the first $1,000,000 of liability of each policy written under the AICPA plan. Effective in December 1999, we began taking a 10% share of CNA's "value plan" business. The "value plan" provides for separate limits up to $1,000,000 for losses and separate limits up to $1,000,000 for expenses per occurrence and $2,000,000 in the aggregate. The maximum limits under the "value plan" are $2,000,000 per occurrence and $4,000,000 in the aggregate.

We have entered into reinsurance agreements with CNA and CAMICO and intend to cooperate with them through such reinsurance agreements, but have no contractual right to long-term involvement with either the AICPA plan or CAMICO. Similarly, other than the current terms of our reinsurance agreements, we are not obligated to use our reinsurance capacity as part of any insurance program that is offered to the CPA profession, and may, in the discretion of our board of directors, provide reinsurance for other coverage, including other accountants' professional liability coverage.

Third-party Managers and Service Providers

USA Risk Group (Bermuda) Ltd. provides the day-to-day services necessary for the administration of our business. Shareholder services are furnished by USA Risk Group of Vermont, Inc., an affiliate of USA Risk Group (Bermuda) Ltd.

The Country Club Bank of Kansas City, Missouri, provides portfolio management of fixed-income securities and directs our investments pursuant to guidelines approved by us. Harris Associates, L.P., Harris Alternatives Investment Group, and Northeast Investment Management, Inc. provide discretionary investment advice with respect to our equity investments.

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

Professional Liability Coverage

The form of professional liability policy issued by CNA which we ultimately reinsure is a Professional Liability Company Indemnity Policy form. The coverage provided under this policy is on a "claims made" basis, which means the policy covers only those losses resulting from claims asserted against the insured during the policy period. The insuring clause of the policy, which indemnifies for losses caused by acts, errors or omissions in the insured's performance of professional accounting services for others, is in three parts:

Clause A indemnifies the accounting firm insured and, unless excluded by endorsements, any predecessor firms;

Clause B indemnifies any accountant or accounting firm while performing professional accounting services under contract with the insured;

Clause C indemnifies any former or new partner, officer, director or employee of the firm or predecessor firms.

Depending on the insured, defense costs for the policies issued by CNA (and reinsured by us) are either within the policy limits or in addition to policy limits. CNA charges an additional premium to cover the cost of providing defense costs in addition to the policy limits under its "value plan." Insureds under the value plan have separate limits for losses and defense costs. Settlements are made only with the written consent of the insured. However, if the insured contests the settlement recommended by the insurer, those policies will only cover costs that do not exceed the lesser of the amount for which the claim could have been settled or the policy limits.

Effective January 1, 2003, we entered into a 15% quota share participation of the attorneys' professional liability coverage proved by Professionals Direct. This participation terminated on December 31, 2003. However, we remain potentially liable for claims related to this period of coverage.

Effective June 1, 2005, we accepted a 5% share in CAMICO's first excess layer of $2,000,000 excess of $1,000,000. The contract renewed on June 1, 2006. Effective June 1, 2007, the contract renewed with our share reduced to 2.5%.

OPERATIONS

Three months ended September 30, 2007 compared to three months ended September 30, 2006:

We recorded a net income of $332,707 for the third quarter of 2007 compared to net loss of $219,743 for the same period of 2006. The improvement was due to an increase in interest income and realized gains on investments, offset by an increase in operating and management expenses for 2007 compared to the same period in 2006. Our earned premiums for the third quarter of 2007 were $2,102,940 compared to $2,187,221 for the third quarter of 2006, a decrease of 3.9%. This decrease is primarily due to a reduction in net premiums written for the three months ended September 30, 2007. Net premiums written for the three months ended September 30, 2007 were $2,132,213, compared to $2,184,154 for the third quarter of 2006, a decrease of $51,941 or 2.4%. This decrease was due to a timing difference of net premiums written for 2007 compared to 2006.

Our loss ratio for the third quarter of 2007 was 71.1%, compared to 70.0% 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. To determine total losses for the third quarter of 2007 and 2006, we multiplied an estimated loss ratio of 70% times the AICPA Professional Liability Insurance Plan net premiums earned and the CAMICO net premiums earned and have recorded additional reserves relating to the attorneys' professional liability plan in the third quarter of 2007 and 2006.

We expensed policy acquisition costs of $596,851 in the third quarter of 2007 compared to $628,620 for the same period of 2006, a decrease of $31,769 or 5.0%. These costs were 28.4% and 28.7% of net premiums earned for the quarters ended September 30, 2007 and 2006, respectively. The decrease in policy acquisition costs was due to a decrease in net premiums earned. Policy acquisition costs are the sum of ceding commissions paid to ceding companies determined contractually pursuant to reinsurance agreements and federal excise taxes paid on premiums written to ceding companies.

We expensed operating and management expenses of $527,157 in the third quarter of 2007 compared to $454,930 for the same period of 2006, an increase of $72,227 or 15.9%. The primary reason for this increase was an increase in the patent and business development expenses from 2006 to 2007.

Effective in 2006, AmerInst had two operating segments: 1) reinsurance activity and 2) the new insurance financing product (RINITS™), which was in the initial marketing phase of development. The results for the reinsurance activity were as follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Revenues	$8,448,591	$8,264,120	$2,952,246	$2,394,863
Total losses and expenses	6,929,227	7,748,776	2,419,484	2,468,262
Segment income (loss)	1,519,364	515,344	532,762	(73,399)

The RINITS segment offers a mechanism to securitize insurance and reinsurance risk, involving property, casualty, life and health lines of insurance. This segment, as of September 30, 2007, had generated no revenue. The results for the RINITS activity were as follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Operating and management expenses–segment loss	$ 547,879	$ 343,100	$ 200,055	$ 146,343

The combined total net income for both segments is as follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Total net income (loss)	$ 971,485	$ 172,244	$ 332,707	$ (219,742)

We recorded net investment income of $397,948 in the third quarter of 2007 compared to $334,998 for the same period of 2006, an increase of $62,950 or 18.8%. The primary reason for the increase was the general increase in the interest rates from 2006 to 2007 and due to a higher amount invested in 2007 compared to the same period of 2006. Annualized investment yield, calculated as total interest and dividends divided by net average amount of total investments, was 2.8% for the third quarter of 2007, and 2.6% in the third quarter of 2006. Sales of securities during the third quarter of 2007 resulted in realized capital gains of $451,358, compared to realized losses on investments of $127,357 in the third quarter of 2006. Gains recorded in the third quarter of 2007 primarily related to sales of equity securities. Proceeds of these sales were subsequently reinvested in other equity securities.

Nine months ended September 30, 2007 compared to nine months ended September 30, 2006:

We recorded net income of $971,485 for the nine months ended September 30, 2007 compared to $172,244 for the nine months ended September 30, 2006. The increase was due to a decrease of total losses and expenses and improvement in net investment income, offset by a decrease of net premiums earned.

Our net premiums earned for the first nine months of 2007 were $5,889,197 compared to $6,442,252 for 2006. The change of $553,055 represented an 8.6% decrease. This decrease was due to an adjustment for premiums over ceded to AmerInst in prior years. Premiums written in the nine months ended September 30, 2007 were $5,489,046 compared to $6,237,206 for the same period in 2006. This decrease is due to an adjustment for premiums over ceded to AmerInst in prior years in the amount of $670,863.

Our loss ratio for the first nine months of 2007 was 71.2% compared to 72.9% 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. To determine total losses for the first nine months of 2007 and 2006, we multiplied an estimated loss ratio of 70% times the AICPA Professional Liability Insurance Plan net premiums earned and have recorded additional reserves relating to the attorneys' professional liability plan in the nine month periods ended September 30, 2007 and 2006. Our actual overall loss ratio for the year ended December 31, 2006 was 38.1%.

We expensed policy acquisition costs of $1,667,448 in the first nine months of 2007 compared to $1,918,539 for the same period of 2006, a decrease of $251,091 or 13.1%. These costs were 28.3% and 29.8% of premiums earned for the nine-month periods ended September 30, 2007 and 2006, respectively. The decrease in policy acquisition costs in 2007 was due to the decrease in net premiums earned. Policy acquisition costs are the sum of ceding commissions paid to ceding companies, which are determined contractually pursuant to reinsurance agreements, and federal excise taxes paid on premiums written to ceding companies.

We realized capital gains of $1,372,201 during the nine months ended September 30, 2007 compared to $837,845 in capital gains in the same period of 2006. Gains recorded in 2007 primarily related to sales of equity securities. Proceeds of these sales were reinvested in other equity securities. Net investment income through September 30, 2007 was $1,187,193 compared to $984,023 for the same period of 2006. Annualized investment yield for the nine months ended September 30, 2007 was approximately 2.8% as compared to 2.6% for the first nine months of 2006.

FINANCIAL CONDITION AND LIQUIDITY

As of September 30, 2007, our total investments were $53,365,635, an increase of $744,422, or 1.4%, from $52,621,213 at December 31, 2006. The increase was primarily due to the improvement of unrealized gains on investments. Cash and cash equivalents and restricted cash and cash equivalent balances increased from $2,840,210 at December 31, 2006 to $3,381,749 at September 30, 2007, an increase of $541,539, or 19.1%. The amount of cash and cash equivalents varies depending on the maturities of fixed term investments and on the level of funds invested in money market mutual funds. The ratio of cash and total investments to total liabilities at September 30, 2007 was 1.69:1, compared to a ratio of 1.72:1 at December 31, 2006.

The Company's investment portfolio includes U.S. mortgage/asset-backed securities, which comprised approximately 16% of our total investments at September 30, 2007. These securities generally have a low risk of default as they are backed by an agency of the U.S. government, which enforces standards on the mortgages before accepting them into the program. They are considered prime mortgages and the primary risk is uncertainty of the timing of pre-payments. While these securities do not carry a formal rating, they are generally considered to have a credit quality equivalent to or greater than AAA. While there have been recent market concerns regarding sub-prime mortgages, asset-backed home equity loans, commercial mortgages, and adjustable rate mortgages, the Company believes it did not have material exposure to these types of securities in its own portfolio at September 30, 2007.

Assumed reinsurance balances receivable are current assumed premiums receivable less commissions to the issuing carriers. This balance was a receivable of $625,040 at September 30, 2007 and $556,822 at December 31, 2006. This balance fluctuates due to the timing of renewal premiums written.

The Bermuda Monetary Authority previously authorized AmerInst Investment Company, Ltd. to purchase up to 20% of the Company's common shares from individuals who have died or retired from the practice of public accounting and on a negotiated case-by-case basis. From January 1, 2000, through November 1, 2007, AmerInst Investment Company, Ltd. had purchased 79,713 common shares, as adjusted for the share dividend, from individuals who have died or retired for a total purchase price of $1,563,434. In addition, through that date, AmerInst Investment Company, Ltd. had purchased in negotiated transactions at various prices 65,904 common shares, as adjusted for the share dividend, for a total purchase price of $755,228. See "Rights Offering" for a description of the sale of shares by AmerInst Investment Company, Ltd. in connection with the rights offering.

Cash Dividends

We paid our semi-annual dividends of $0.45 per share during both the first and third quarters of 2007, and paid a special dividend of $0.70 per share during the first quarter of 2007. Since AmerInst began paying dividends in 1995, our original shareholders have received approximately $15.08 in cumulative dividends per share which, when measured by a total rate of return calculation, has resulted in an effective annual rate of return of approximately 10.8% from the inception of the Company, based on a per share purchase price of $8.33 paid by the original shareholders, and using an unaudited book value of $33.70 per share as of September 30, 2007. (All per share amounts in this paragraph have been adjusted retroactively to reflect the impact of the share dividend.)

Share Dividend

On March 2, 2006, the board of directors of AmerInst approved a share dividend of two shares of common stock for every share held by shareholders of record on April 2, 2006, subject to shareholder approval of an increase in the number of our authorized shares. Such approval was received at the AmerInst 2006 Annual General Meeting on June 1, 2006, which increased the authorized share capital of the Company from $500,000 to $2,000,000. The total issued shares were 331,751 prior to the share dividend and 995,253 afterwards.

Rights Offering

We filed a registration statement on Form S-3 with the SEC on June 15, 2006 to register a rights offering to existing shareholders. The registration statement was amended on July 20, 2006 and declared effective on July 24, 2006. Pursuant to the rights offering, which was mailed to shareholders on July 28, 2006, each shareholder received a right to purchase one share of common stock for each share currently owned, at a price of $23.33 per share (after giving effect to the share dividend). Further information concerning the rights offering is contained in our prospectus dated July 28, 2006 and in our S-3 registration statement on file with the SEC. A total of 97,927 rights were exercised prior to October 4, 2006, the expiration date of the oversubscription right under the rights offering. As a result, 97,927 shares were subsequently sold by AmerInst Investment Company, Ltd. to shareholders exercising rights, for a total purchase price of $2,284,637, before rights offering costs of $277,057. Of these shares, 21,461 rights were exercised by AmerInst directors for a total purchase price of $500,685.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements required to be disclosed under Item 303 (a) (4) of Regulation S-K promulgated by the Securities and Exchange Commission.

Critical Accounting Policies

The Company's critical accounting policies are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2006.

Caution Concerning Forward-Looking Statements

Certain statements contained in this Form 10-Q, or otherwise made by our officers, including statements related to our future performance and 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, 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 "goal," "anticipate," "expect," "believe" and similar expressions as they relate to us or our management are intended to identify forward-looking statements. No assurance can be given that the results in any forward-looking statement will be achieved. For the forward-looking statements, we claim the protection of the safe harbor for forward-looking statements provided for in the Private Securities Litigation Reform Act of 1995. 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. Factors that might cause such actual results to differ materially from those reflected in any forward-looking statements include, but are not limited to (i) the occurrence of catastrophic events with a frequency or severity exceeding the Company's expectations; (ii) a decrease in the level of demand for reinsurance or an increase in the supply of reinsurance capacity; (iii) increased competitive pressures, including the consolidation and increased globalization of reinsurance providers; (iv) actual losses and loss expenses exceeding the Company's loss reserves, which are necessarily based on the actuarial and statistical projections of ultimate losses; (v) changing rates of inflation and other economic conditions; (vi) changes in the legal or regulatory environments in which we operate; and (vii) 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 of this Form 10-Q. 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.

Available Information

AmerInst's internet website address is www.amerinst.bm. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not believe our operations have been materially affected by inflation. The potential adverse impacts of inflation include: (a) a decline in the market value of our fixed term investment portfolio; (b) an increase in the ultimate cost of settling claims which remain unresolved for a significant period of time; and (c) an increase in our operating expenses. However, we generally hold our fixed term investments to maturity and currently believe that the yield is adequate to compensate us for the risk of inflation. In addition, we expect that any increase from inflation in the ultimate cost of settling unpaid claims would be offset by investment income earned during the period when the claim is outstanding. Finally, the increase in operating expenses resulting from inflation should generally be matched by similar inflationary increases in our premium rates.

Market Sensitive Instruments

Market risk generally represents the risk of loss that may result from potential change in the value of a financial instrument due to a variety of market conditions. Our exposure to market risk is generally limited to potential losses arising from changes in the level of interest rates on market values of fixed term holdings and changes in the market values of equity securities. We do not hold or issue derivative financial instruments for either trading or hedging purposes.

(a) Interest Rate Risk.

Interest rate risk results from our holdings in interest-rate-sensitive instruments. We are exposed to potential losses on fixed rate instruments that we hold arising from changes in the level of interest rates. We are also exposed to credit spread risk resulting from possible changes in the issuer's credit rating. To manage our exposure to interest rate risk we attempt to select investments with characteristics that match the characteristics of our related insurance liabilities. Additionally, we generally only invest in higher-grade interest bearing instruments.

(b) Foreign Exchange Risk.

We only invest in U.S. dollar denominated financial instruments and do not have any exposure to foreign exchange risk.

(c) Equity Price Risk

Equity price risk arises from fluctuations in the value of securities held. We invest in equity securities in order to diversify our investment portfolio, which our management believes will assist us in achieving our goal of long-term growth of capital and surplus. Our management has adopted investment guidelines that set out rate of return and asset allocation targets, as well as degree of risk and equity investment restrictions to minimize exposure to material risk from changes in equity prices.

The table below provides information about our investments available for sale that were sensitive to changes in interest rates at September 30, 2007 and December 31, 2006 respectively.

	Estimated Fair Value September 30, 2007	Estimated Fair Value December 31, 2006
Fixed Income Portfolio		
Due in one year or less	$ 2,641,807	$ 4,961,827
Due after one year through five years	8,028,326	8,461,725
Due after five years through ten years	6,999,869	4,228,943
Due after ten years	0	0
Sub-total	$17,670,002	$17,652,495
Mortgage backed securities	$ 8,422,899	$ 9,520,293
Total	$26,092,901	$27,172,788

See Item 7A of our 2006 Annual Report on Form 10-K for additional discussion of market risk.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective. There has been no change in our internal control over financial reporting identified in that evaluation that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K, as updated in our subsequent Quarterly Reports on Form 10-Q. There have been no material changes in our risk factors from those disclosed in our 2006 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) – (b) None

(c) From time to time, the Company has repurchased shares of its common stock from individual shareholders who have died or retired from the practice of accounting. From January 1, 2000 through November 1, 2007, the Company had repurchased 79,713 common shares, as adjusted for the share dividend, pursuant to such program.

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 September 30, 2007:

	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
July 2007	2,088	$ 33.37	2,088	N/A
August 2007	—	—	—	N/A
September 2007	—	—	—	N/A
Total	2,088	$ 33.37	2,088	N/A

From time to time, AmerInst Investment Company, Ltd. has also purchased common shares in privately negotiated transactions. From January 1, 2000 through November 1, 2007, AmerInst Investment Company, Ltd. had purchased 65,904 common shares, as adjusted for the share dividend, in such privately negotiated transactions. There was no purchase of shares from shareholders in privately negotiated transactions during the three month period ended September 30, 2007.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 6. Exhibits

(a) Exhibits

See Index to Exhibits immediately following the signature page.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 14, 2007

AMERINST INSURANCE GROUP, LTD.
(Registrant)

By: /S/ STUART H. GRAYSTON
Stuart H. Grayston
(President and chief executive officer, duly authorized to sign this Report in such capacity and on behalf of the Registrant)

And

By: /S/ MURRAY NICOL
Murray Nicol
(Vice President and chief financial officer, duly authorized to sign this Report in such capacity and on behalf of the Registrant)

AMERINST INSURANCE GROUP, LTD.

INDEX TO EXHIBITS

Filed with the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2007

Exhibit Number	Description
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 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 Murray Nicol pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.1

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

I, Stuart Grayston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AmerInst Insurance Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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)) for the registrant 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) 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
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

/s/ STUART GRAYSTON
Stuart Grayston
President and chief executive officer

Exhibit 31.2

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

I, Murray Nicol, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AmerInst Insurance Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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)) for the registrant 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) 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
   - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

/s/ MURRAY NICOL
Murray Nicol
Vice President and chief 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 Quarterly Report of AmerInst Insurance Group, Ltd. (the "Company") on Form 10-Q for the period ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart Grayston, President and chief 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:

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 GRAYSTON
Stuart Grayston
President and chief executive officer
November 14, 2007

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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 Quarterly Report of AmerInst Insurance Group, Ltd. (the "Company") on Form 10-Q for the period ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Murray Nicol, Vice President and chief 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:

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/ MURRAY NICOL
Murray Nicol
Vice President and chief financial officer
November 14, 2007

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.