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 March 31, 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. (check one):

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 May 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)

	As of March 31, 2007	As of December 31, 2006
ASSETS		
INVESTMENTS		
Fixed maturity investments, at market value (amortized cost $27,180,196 and $27,242,735)	$27,158,368	$27,172,788
Equity securities, at market value (cost $17,984,507 and $17,909,268)	25,673,070	25,448,425
TOTAL INVESTMENTS	52,831,438	52,621,213
Cash and cash equivalents	1,132,296	1,784,344
Restricted cash and cash equivalents	1,193,620	1,055,866
Assumed reinsurance premiums receivable	525,036	556,822
Funds deposit with a reinsurer	113,382	113,382
Accrued investment income	226,510	229,824
Deferred policy acquisition costs	1,173,186	1,090,727
Prepaid expenses and other assets	443,030	219,132
TOTAL ASSETS	$57,638,498	$57,671,310
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	$28,544,121	$28,161,369
Unearned premiums	4,013,010	3,790,692
Accrued expenses and other liabilities	567,770	238,825
TOTAL LIABILITIES	33,124,901	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	14,183,576	15,216,651
Accumulated other comprehensive income	7,666,735	7,469,210
Shares held by Subsidiary (237,254 and 231,785 shares) at cost	(4,619,260)	(4,487,983)
TOTAL STOCKHOLDERS' EQUITY	24,513,597	25,480,424
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$57,638,498	$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)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
REVENUE		
Net premiums earned	$ 2,234,048	$ 2,049,657
Net investment income	394,156	296,789
Net realized gain on investments	53,068	419,736
TOTAL REVENUE	2,681,272	2,766,182
LOSSES AND EXPENSES		
Losses and loss adjustment expenses	1,590,660	1,484,872
Policy acquisition costs	642,168	650,168
Operating and management expenses	609,821	489,139
TOTAL LOSSES AND EXPENSES	2,842,649	2,624,179
NET INCOME (LOSS)	$ (161,377)	$ 142,003
OTHER COMPREHENSIVE INCOME		
Net unrealized holding gains arising during the period	250,593	619,345
Reclassification adjustment for (gains) included in net income	(53,068)	(419,736)
OTHER COMPREHENSIVE INCOME	197,525	199,609
COMPREHENSIVE INCOME	$ 36,148	$ 341,612
RETAINED EARNINGS, BEGINNING OF PERIOD	$15,216,651	$12,499,613
Net income (loss)	(161,377)	142,003
Dividends	(871,698)	(293,224)
RETAINED EARNINGS, END OF PERIOD	$14,183,576	$12,348,392
Per share amounts*		
Basic and diluted earnings (loss) per share	$ (0.21)	$ 0.21
Dividends	$ 1.15	$ 0.43
Weighted average number of shares outstanding for the entire period	757,999	677,571

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

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* The per share amounts and number of shares outstanding 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.

AMERINST INSURANCE GROUP, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
OPERATING ACTIVITIES		
Net Cash Provided by Operating Activities	$ 291,975	$ 1,235,921
INVESTING ACTIVITIES		
Movement in restricted cash and cash equivalents	(137,754)	338,751
Purchases of investments	(6,358,012)	(6,967,630)
Proceeds from sales of investments	4,541,280	3,362,102
Proceeds from maturities of fixed maturity investments	2,013,438	1,190,000
Net Cash Provided by (Used in) Investing Activities	58,952	(2,076,777)
FINANCING ACTIVITIES		
Purchase of shares by subsidiary	(131,277)	(43,001)
Dividends paid	(871,698)	(293,224)
Net Cash (Used in) Financing Activities	(1,002,975)	(336,225)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (652,048)	$ (1,177,081)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	$ 1,784,344	$ 2,282,039
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,132,296	$ 1,104,958

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
March 31, 2007

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by AmerInst Insurance Group, Ltd. ("AmerInst") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, 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 July 2006, the FASB issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes." FIN 48 prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with SFAS Statement No. 109, "Accounting for Income Taxes." Tax positions must meet a "more likely than not" recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. FIN 48 is effective for fiscal years beginning after December 15, 2006 and the provisions of FIN 48 will be applied to all tax positions upon initial adoption. The adoption of FIN 48 on January 1, 2007 did not have an impact on the Company's financial condition and results of operations.

In September 2006, the FASB issued 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, 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 established 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 Securities and Exchange Commission ("SEC" or the "Commission") on June 15, 2006 to register a rights offering to existing shareholders. The registration statement was amended on July 20, 2006 and declared effective 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 common share 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 has two operating segments: 1) Reinsurance activity and 2) the new insurance financing product (RINITS™), which is in the initial marketing phase of development. For the quarter ended March 31, 2007, the reinsurance segment had revenues of $2,681,272 (for the quarter ended March 31, 2006, $2,766,182). Total losses and expenses for this segment during these periods were $2,592,897 (2006, $2,517,502), resulting in segment income of $88,375 (2006, $248,680).

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 March 31, 2007 had generated no revenue. Operating and management expenses in the development phase for the quarter ended March 31, 2007 were $249,752 (for the quarter ended March 31, 2006, $106,677).

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. 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 conducted 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 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.

Effective June 1, 2005, we accepted a 5% share in CAMICO’s first excess layer of $2,000,000 excess of $1,000,000.

OPERATIONS

Three months ended March 31, 2007 compared to three months ended March 31, 2006:

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. The decrease is 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. Our earned premiums for the first quarter of 2007 were $2,234,048 compared to $2,049,657 for the first quarter of 2006, an increase of 9.0%. Net premiums written for the three months ended March 31, 2007 were $2,456,362, compared to $2,416,803 for the first quarter of 2006, an increase of $39,559 or 1.6%.

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. To determine total losses for the first quarter of 2007, 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. For the first quarter of 2006, to determine total losses we multiplied an estimated loss ratio of 70% times the AICPA Professional Liability Insurance Plan current premiums earned and the CAMICO net premiums earned and recorded additional reserves relating to the attorneys’ professional liability plan.

We expensed policy acquisition costs of $642,168 in the first quarter of 2007 compared to $650,168 for the same period of 2006, a decrease of $8,000 or 1.2%. These costs were 28.7% and 31.7% of net premiums earned for the quarters ended March 31, 2007 and 2006, respectively. 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 $609,821 in the first quarter of 2007 compared to $489,139 for the same period of 2006, an increase of $120,682 or 24.7%. The primary reason for this increase was patent and business development expenses.

Effective in 2006 AmerInst has two operating segments: 1) Reinsurance activity and 2) the new insurance financing product (RINITS™) which is in the initial marketing phase of development. For the quarter ended March 31, 2007, the reinsurance segment had revenues of $2,681,272 (for the quarter ended March 31, 2006, $2,766,182). Total losses and expenses for this segment during those periods were $2,592,897 (2006, $2,517,502), resulting in segment income of $88,375 (2006, $248,680).

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 March 31, 2007 had generated no revenue. Operating and management expenses in the development phase for the quarter ended March 31, 2007 were $249,752 (for the quarter ended March 31, 2006, $106,677).

We recorded net underwriting income (net premiums earned less the sum of loss and loss adjustment expenses and policy acquisition costs) of $1,220 for the first quarter of 2007 compared to net underwriting loss of $85,383 for the same period of 2006, an improvement of $86,603. The improvement is due to an increase in net premiums earned for 2007 compared to 2006.

OPERATIONS—(Continued)

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%. The primary reason for the increase was an increase in the dividend income on the equity portfolio due to improvement of dividend payouts on certain holdings. In addition, the general increase in the interest rates from 2006 to 2007 also contributed to the increase. Annualized investment yield, calculated as total interest and dividends divided by net average amount of total investments, was 2.9% for the first quarter of 2007, an increase from the 2.4% yield earned in the first quarter of 2006. The improvement in investment yield was, as indicated above, due to a general increase in interest rates and dividend yield from 2006 to 2007. Sales of securities during the first quarter of 2007 resulted in realized capital gains of $53,068, compared to gains of $419,736 in the first quarter of 2006. Gains recorded in the first quarter of 2007 primarily related to sales of equity securities. Proceeds of these sales were subsequently reinvested in other equity securities.

FINANCIAL CONDITION AND LIQUIDITY

As of March 31, 2007, our total investments were $52,831,438, an increase of $210,225, or 0.4%, from $52,621,213 at December 31, 2006. The minimal increase was primarily due to an increase in unrealized gains on investments. Cash and cash equivalents and restricted cash and cash equivalents balances decreased from $2,840,210 at December 31, 2006 to $2,325,916 at March 31, 2007, a decrease of $514,294, or 18.1%. The decrease is due to the payment of dividends paid in the first quarter of 2007. 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 March 31, 2007 was 1.66:1, compared to a ratio of 1.72:1 at December 31, 2006.

Assumed reinsurance premiums receivable are current assumed premiums receivable less commissions payable to the issuing carriers. This balance was $556,822 at December 31, 2006 and $525,036 at March 31, 2007. 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. Through May 1, 2007 AmerInst Investment Company, Ltd. had purchased 75,864 common shares, as adjusted for the share dividend, from individuals who have died or retired for a total purchase price of $1,435,527. 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 dividend of $0.45 per share, and paid a special dividend of $0.70 per share during the first quarter of 2007. Since AmerInst began paying consecutive dividends in 1995, our original shareholders have received approximately $14.63 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 10.79% 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 $32.33 per share as of March 31, 2007.

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 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 of our common shares 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.

Critical Accounting Policies

Liability for Loss and Loss Adjustment Expense Reserves

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.

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 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.

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 Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Inflation

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 will 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 changes 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 March 31, 2007 and December 31, 2006, respectively.

	Estimated Fair Value 03/31/2007	**Estimated Fair Value 12/31/2006**
Fixed Income Portfolio		
Due in one year or less	$ 5,642,544	$ 4,961,827
Due after one year through five years	7,304,150	8,461,725
Due after five years through ten years	5,044,716	4,228,943
Due after ten years	0	0
Sub-total	$17,991,410	$17,652,495
Mortgage backed securities	$ 9,166,958	$ 9,520,293
Total	$27,158,368	$27,172,788

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

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.

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.

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. Through May 1, 2007, the Company had repurchased 75,864 common shares 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 March 31, 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
January 2007	1,458	$ 28.08	1,458	N/A
February 2007	—	—	—	N/A
March 2007	—	—	—	N/A
Total	1,458	$ 28.08	1,458	N/A

From time to time, AmerInst Investment Company, Ltd. has also purchased common shares in privately negotiated transactions. Through May 1, 2007, AmerInst Investment Company, Ltd. had purchased 65,904 common shares in such privately negotiated transactions.

The following table shows information relating to the purchase of shares from shareholders in privately negotiated transactions as described above during the three month period ended March 31, 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
January 2007	4,011	$ 22.52	4,011	N/A
February 2007	—	—	—	N/A
March 2007	—	—	—	N/A
Total	4,011	$ 22.52	4,011	N/A

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: May 15, 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 March 31, 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: May 15, 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: May 15, 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 ended March 31, 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, 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 GRAYSTON
Stuart Grayston
President and chief executive officer
May 15, 2007

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 ended March 31, 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, 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/ MURRAY NICOL
Murray Nicol
Vice President and chief financial officer
May 15, 2007