



AmerInst Insurance Group, Ltd.

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September 14, 2012

My fellow shareholders,

On behalf of the Board of Directors of AmerInst Insurance Group, Ltd. ("AmerInst" or the "Company"), I am pleased to announce that the Company has declared its 55th consecutive dividend to be paid on or before September 15, 2012 to shareholders of record as of August 31, 2012. Your dividend check for 25 cents per share is enclosed.

Our accountants' and lawyers' professional liability programs continue to gain momentum. Streamlined capabilities and comprehensive online coverage create only one touch with the customer, thus minimizing costs and allowing us to pass along the savings to our policyholders. We believe that our web-based strategy is the right one long term and will position the Company to capture more opportunities in the coming years.

As renewal season approaches, we encourage you to review your policy coverage. Take advantage of our interactive services to obtain affordable insurance protection, and consider recommending us to clients and friends.

If you have questions or would like more information about AmerInst, please feel free to contact me at 505-998-3205 or irdiamond@redw.com

Shareholder inquiries and requests for change of mailing or email address, transfer, name change, or redemption of shares should be referred to our **Shareholder Services Division: AmerInst Insurance Group, Ltd.—Shareholder Services, c/o Cedar Management Limited, P.O. Box HM 1601, Hamilton HM GX, Bermuda. Tel: 800-422-8141/Fax: 441- 295-1702; email: amerinst@cedar.bm**

Sincerely,

Irvin F. Diamond, CPA
Chairman

This Chairman's Letter contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "goal," and similar expressions are intended to identify forward-looking statements, as well as specific statements regarding (i) our ability to continue meeting our obligations to policyholders and shareholders, (ii) the progress and high percentage of policy renewals with our accountants' and lawyers' professional liability programs, (iii) our ability to maintain our A.M. Best Co. rating at or above its current level, and (iv) our ability to declare and pay dividends to our shareholders in the future. Some or all of the events or results anticipated by these forward-looking statements may not occur. Factors that could cause actual results to differ materially include difficult economic conditions and unexpected changes in insurance laws and regulations. Additional risk factors related to AmerInst and an investment in our common stock are contained in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2011. AmerInst does not undertake any duty nor does it intend to update the results of these forward-looking statements.

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