
**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, 2008.

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

(State or other jurisdiction of
Incorporation or Organization)

98-0207447

(I.R.S. Employer
Identification No.)

**c/o Cedar Management Limited
25 Church Street, Continental Building
P.O. Box HM 1601, Hamilton, Bermuda**
(Address of Principal Executive Offices)

HMGX
(Zip Code)

(441) 296-3973

(Telephone number)

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, a non-accelerated filer, or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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, 2008, the registrant had 995,253 common shares, \$1.00 par value per share, outstanding.

Introductory Note

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" within the meaning of the Private Securities Litigation Reform Act of 1995, and contain information relating to us that is based on the beliefs of our management as well as assumptions made by, and information currently available to, our management. The words "expect," "believe," "may" and similar expressions as they relate to us or our management are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those reflected in any forward-looking statements. Our actual future results may differ materially from those set forth in our forward-looking statements. Factors that might cause such actual results to differ materially from those reflected in any forward-looking statements include, but are not limited to the factors discussed in detail in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this form 10-Q, as well as:

- the occurrence of catastrophic events with a frequency or severity exceeding the Company's expectations;
- a decrease in the level of demand for reinsurance or an increase in the supply of reinsurance capacity;
- increased competitive pressures, including the consolidation and increased globalization of reinsurance providers;
- actual losses and loss expenses exceeding the Company's loss reserves, which are necessarily based on the actuarial and statistical projections of ultimate losses;
- changing rates of inflation and other economic conditions;
- changes in the legal or regulatory environments in which we operate; and
- other risks, including those risks identified in any of our other filings with the Securities and Exchange Commission.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our management's analysis only as of the date they are made. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Part I—FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERINST INSURANCE GROUP, LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, expressed in U.S. dollars)

	As of September 30, 2008	As of December 31, 2007
ASSETS		
INVESTMENTS		
Fixed maturity investments, at fair value (amortized cost \$27,682,009 and \$27,319,795)	\$27,919,004	\$27,595,959
Equity securities, at fair value (cost \$17,326,860 and \$18,671,329)	21,744,427	26,024,069
TOTAL INVESTMENTS	49,663,431	53,620,028
Cash and cash equivalents	1,351,060	1,778,798
Restricted cash and cash equivalents	471,409	841,602
Assumed reinsurance premiums receivable	548,659	605,756
Funds deposited with a reinsurer	113,382	113,382
Accrued investment income	325,336	263,183
Deferred policy acquisition costs	987,025	1,042,729
Prepaid expenses and other assets	220,188	235,402
TOTAL ASSETS	<u>\$53,680,490</u>	<u>\$58,500,880</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Unpaid losses and loss adjustment expenses	\$28,814,800	\$27,409,622
Unearned premiums	3,473,321	3,592,875
Accrued expenses and other liabilities	464,082	385,684
TOTAL LIABILITIES	<u>32,752,203</u>	<u>\$31,388,181</u>
STOCKHOLDERS' EQUITY		
Common shares, \$1 par value, 2008 and 2007: 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	13,983,485	17,064,401
Accumulated other comprehensive income	4,654,562	7,628,904
Shares held by Subsidiary (249,414 and 245,567 shares) at cost	(4,992,306)	(4,863,152)
TOTAL STOCKHOLDERS' EQUITY	<u>20,928,287</u>	<u>27,112,699</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$53,680,490</u>	<u>\$58,500,880</u>

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

AMERINST INSURANCE GROUP, LTD.

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

	<u>Nine Months Ended Sept 30, 2008</u>	<u>Nine Months Ended Sept 30, 2007</u>	<u>Three Months Ended Sept 30, 2008</u>	<u>Three Months Ended Sept 30, 2007</u>
REVENUE				
Net premiums earned	\$ 6,230,098	\$ 5,889,197	\$ 2,061,362	\$ 2,102,940
Net investment income	1,112,680	1,187,193	346,360	397,948
Net realized (loss) gain on investments	<u>(1,835,788)</u>	<u>1,372,201</u>	<u>(865,735)</u>	<u>451,358</u>
TOTAL REVENUE	<u>5,506,990</u>	<u>8,448,591</u>	<u>1,541,987</u>	<u>2,952,246</u>
LOSSES AND EXPENSES				
Losses and loss adjustment expenses	4,376,600	4,192,861	1,458,546	1,495,531
Policy acquisition costs	1,774,739	1,667,448	594,485	596,851
Operating and management expenses	<u>1,763,053</u>	<u>1,616,797</u>	<u>511,121</u>	<u>527,157</u>
TOTAL LOSSES AND EXPENSES	<u>7,914,392</u>	<u>7,477,106</u>	<u>2,564,152</u>	<u>2,619,539</u>
NET (LOSS) INCOME	<u>\$ (2,407,402)</u>	<u>\$ 971,485</u>	<u>\$ (1,022,165)</u>	<u>\$ 332,707</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Net unrealized holding (losses) gains arising during the period	(4,810,130)	1,772,175	(2,012,764)	124,722
Reclassification adjustment for losses (gains) included in net (loss) income	<u>1,835,788</u>	<u>(1,372,201)</u>	<u>865,735</u>	<u>(451,358)</u>
OTHER COMPREHENSIVE (LOSS) INCOME	<u>(2,974,342)</u>	<u>399,974</u>	<u>(1,147,029)</u>	<u>(326,636)</u>
COMPREHENSIVE (LOSS) INCOME	<u>\$ (5,381,744)</u>	<u>\$ 1,371,459</u>	<u>\$ (2,169,194)</u>	<u>\$ 6,071</u>
RETAINED EARNINGS, BEGINNING OF PERIOD	\$17,064,401	\$15,216,651	\$15,327,108	\$14,983,730
Net (loss) income	(2,407,402)	971,485	(1,022,165)	332,707
Dividends	<u>(673,514)</u>	<u>(1,209,850)</u>	<u>(321,458)</u>	<u>(338,151)</u>
RETAINED EARNINGS, END OF PERIOD	<u>\$13,983,485</u>	<u>\$14,978,286</u>	<u>\$13,983,485</u>	<u>\$14,978,286</u>
Per share amounts				
Net (loss) income basic and diluted	\$ (3.22)	\$ 1.29	\$ (1.37)	\$ 0.44
Dividends	\$ 0.94	\$ 1.60	\$ 0.47	\$ 0.45
Weighted average number of shares outstanding for the entire period (for basic and diluted)	<u>747,443</u>	<u>754,300</u>	<u>745,839</u>	<u>672,666</u>

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)

	<u>Nine Months Ended Sept 30, 2008</u>	<u>Nine Months Ended Sept 30, 2007</u>
OPERATING ACTIVITIES		
Net Cash Provided by Operating Activities	\$ 716,874	\$ 2,043,122
INVESTING ACTIVITIES		
Movement in restricted cash and cash equivalents	370,193	(818,203)
Purchases of investments	(22,312,623)	(22,573,071)
Proceeds from sales of investments	17,800,486	18,619,961
Proceeds from maturities of fixed maturity investments	3,800,000	3,980,000
Net Cash used in Investing Activities	<u>(341,944)</u>	<u>(791,313)</u>
FINANCING ACTIVITIES		
Purchase of shares by subsidiary	(129,154)	(318,623)
Dividends paid	(673,514)	(1,209,850)
Net Cash used in Financing Activities	<u>(802,668)</u>	<u>(1,528,473)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(427,738)</u>	<u>(276,664)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>\$ 1,778,798</u>	<u>\$ 1,784,344</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,351,060</u>	<u>\$ 1,507,680</u>

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

AMERINST INSURANCE GROUP, LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS September 30, 2008

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 (“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 audited consolidated financial statements at and for the year ended December 31, 2007 and notes thereto, included in AmerInst’s Annual Report on Form 10-K for the year then ended.

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, 2007.

New Accounting Pronouncements

Adoption of New Accounting Standards

Fair Value Measurement

We adopted FAS 157, *Fair Value Measurements* (“FAS 157”), effective January 1, 2008. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, we use the market approach which makes use of prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. FAS 157 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- **Level 1:** Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets in markets that are not active and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3:** Inputs to the valuation methodology that are unobservable for the asset or liability.

The availability of observable inputs can vary from investment instrument to investment instrument and is affected by a wide variety of factors, including, for example, the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. We use prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified between levels.

The adoption of FAS 157 did not result in any cumulative-effect adjustment to our beginning retained earnings at January 1, 2008, or any material impact on our results of operations, financial position or liquidity. In February 2008, the FASB issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157* (“FSP FAS 157-2”), which permits a one-year deferral of the application of FAS 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Accordingly, we have also adopted FSP FAS 157-2 effective January 1, 2008, for non-financial assets and non-financial liabilities. We are currently considering the impact of adopting FAS 157 for non-financial assets and non-financial liabilities with effect from January 1, 2009. We, however, do not anticipate that this adoption will have a material impact on our results of operations, financial position or liquidity.

Accounting Standards Not Yet Adopted

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued FAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* (“FAS 161”). FAS 161 expands the disclosure requirements of FAS 133 and requires the reporting entity to provide enhanced disclosures about the objectives and strategies for using derivative instruments, quantitative disclosures about fair values and amounts of gains and losses on derivative contracts, and credit-risk related contingent features in derivative agreements. FAS 161 will be effective for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The adoption of FAS 161 is not expected to have a significant impact on our financial statements.

Segment Information

AmerInst has two operating segments: 1) reinsurance activity and 2) RINITSTM, its insurance financing product, which is in the marketing phase of development. The results for the reinsurance activity were as follows:

	<u>Nine Months Ended Sept 30, 2008</u>	<u>Nine Months Ended Sept 30, 2007</u>	<u>Three Months Ended Sept 30, 2008</u>	<u>Three Months Ended Sept 30, 2007</u>
Revenues	\$ 5,506,990	\$ 8,448,591	\$ 1,541,987	\$ 2,952,246
Total losses and expenses	7,551,208	6,929,227	2,441,059	2,419,484
Segment (loss) income	(2,044,218)	1,519,364	(899,072)	532,762

The RINITSTM 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, 2008, had generated no revenue. Operating and management expenses are as follows:

	<u>Nine Months Ended Sept 30, 2008</u>	<u>Nine Months Ended Sept 30, 2007</u>	<u>Three Months Ended Sept 30, 2008</u>	<u>Three Months Ended Sept 30, 2007</u>
Operating and management expenses—segment loss	\$ 363,184	\$ 547,879	\$ 123,093	\$ 200,055

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

	<u>Nine Months Ended Sept 30, 2008</u>	<u>Nine Months Ended Sept 30, 2007</u>	<u>Three Months Ended Sept 30, 2008</u>	<u>Three Months Ended Sept 30, 2007</u>
Total net (loss) income	\$(2,407,402)	\$ 971,485	\$(1,022,165)	\$ 332,707

Fair Value of Investments

The following table shows the fair value of the Company's investments and where in the FAS 157 fair value hierarchy the fair value measurements are included as of September 30, 2008.

	Carrying amount	Total fair value	Fair value measurement using:		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. government agency securities:					
Mortgage-backed securities	\$ 7,009,374	\$ 7,009,374	\$	\$ 7,009,374	\$
Non-mortgage-backed securities	7,119,325	7,119,325		7,119,325	
Obligations of state and political subdivisions	13,790,305	13,790,305		13,790,305	
Total fixed maturity investments	27,919,004	27,919,004			
Equity securities (other than hedge fund)	20,354,970	20,354,970	20,354,970		
Hedge fund	1,389,457	1,389,457			1,389,457
Total equity securities	21,744,427	21,744,427			
Total investments	49,663,431	49,663,431			

The following is a reconciliation of the beginning and ending balance of investments using significant unobservable inputs (Level 3) for the quarter ended September 30, 2008.

	Fair value measurement using significant unobservable inputs (Level 3) hedge fund
Balance classified as Level 3, July 1, 2008	\$ 1,460,570
Total gains or losses included in earnings:	—
Net realized gains	—
Change in fair value of hedge fund investments	(71,113)
Purchases or sales	—
Transfers in and/or out of Level 3	—
Ending balance, September 30, 2008	\$ 1,389,457

The following is a reconciliation of the beginning and ending balance of investments using significant unobservable inputs (Level 3) for the nine months ended September 30, 2008.

	Fair value measurement using significant unobservable inputs (Level 3) hedge fund
Balance classified as Level 3, January 1, 2008	\$ 1,487,266
Total gains or losses included in earnings:	—
Net realized gains	—
Change in fair value of hedge fund investments	(97,809)
Purchases or sales	—
Transfers in and/or out of Level 3	—
Ending balance, September 30, 2008	\$ 1,389,457

Further, on a quarterly basis, we evaluate whether the fair value of the securities held in our investment portfolio is other-than-temporarily impaired when fair value is below amortized cost. To make this assessment we consider several factors, including (i) the time period during which there has been a decline below cost, (ii) the extent of the decline below cost, (iii) our intent and ability to hold the security, (iv) the potential for the security to recover in value, (v) an analysis of the financial condition of the issuer, and

(vi) an analysis of the collateral structure and credit support of the security, if applicable. If we conclude a security is other-than-temporarily impaired, we write down the amortized cost of the security to fair value, with a charge to net realized investment gains (losses) in the Consolidated Statement of Operations. Gross unrealized losses on the investment portfolio as of September 30, 2008

amounted to \$173,391 compared to \$39,542 as of December 31, 2007. This increase was mainly attributable to the fixed income securities none of which were considered to be other than temporarily impaired. The Company has the intent and ability to hold these securities either to maturity or until the fair value recovers above the adjusted cost. The unrealized losses from these securities were not as a result of credit, collateral or structural issues. As a result of the decline in fair value below cost, the Company recorded a total other-than-temporary impairment charge of \$2,623,297 and \$497,993 on 32 and 10 equity securities during the nine months ended September 30, 2008 and 2007, respectively. For the three months ended September 30, 2008 and 2007, the Company has recorded a total other-than-temporary impairment charge of \$1,289,285 and \$461,478 on 27 and 4 equity securities, respectively.

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

Management's discussion and analysis ("MD&A") provides supplemental information, which sets forth the major factors that have affected our financial condition and results of operation and should be read in conjunction with our consolidated financial statements and notes thereto included in this Form 10-Q.

Certain statements contained in this Form 10-Q, including this MD&A section, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and contain information relating to us that is based on the beliefs of our management as well as assumptions made by, and information currently available to, our management. The words "expect," "believe," "may" and similar expressions as they relate to us or our management are intended to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements. Please see the Introductory Note and Item 1A "Risk Factors" of this Form 10-Q for a discussion of factors that could cause our actual results to differ materially from those in the forward-looking statements. However, the risk factors listed in Item 1A "Risk Factors" or discussed in this Form 10-Q should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our management's analysis only as of the date they are made. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion addresses our financial condition and results of operations for the periods and as of the dates indicated.

OVERVIEW

Unless otherwise indicated by the context, in this quarterly report we refer to AmerInst Insurance Group, Ltd. and its subsidiaries as the "Company", "AmerInst," "we" or "us." AMIC Ltd. means AmerInst's wholly-owned subsidiary, AmerInst Insurance Company, Ltd. Investco means AmerInst Investment Company, Ltd., a subsidiary of AMIC Ltd. AMIG means our predecessor entity, AmerInst Insurance Group, Inc., a Delaware corporation. Our principal offices are c/o Cedar Management Limited, 25 Church Street, Continental Building, P.O. Box HM 1601, Hamilton, Bermuda, HM GX.

AmerInst, a Bermuda holding company, was formed in 1998. We conduct our reinsurance business through AMIC Ltd., our subsidiary, which is a registered insurer in Bermuda. Our investment portfolio is held in and managed by Investco.

Our mission is to be a Company that provides availability of insurance for the Certified Public Accountant ("CPA") profession, and that engages in investment activities. Historically, the primary business activity of our wholly owned insurance company subsidiary, AMIC 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 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 amended to 2.5%, but of a \$4,000,000 excess \$1,000,000 layer. Effective June 1, 2008, the contract renewed on the same terms. 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, AMIG, our predecessor entity, 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 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 renewed our existing arrangements on January 1, 2008.

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, at the discretion of our board of directors, provide reinsurance for other coverage, including other accountants' professional liability coverage.

Third-party Managers and Service Providers

Cedar Management Limited provides the day-to-day services necessary for the administration of our business. Effective July 1, 2008, USA Risk Group (Bermuda) Ltd., our former manager, acquired a majority interest in Cedar Management Limited. Following the merger USA Risk Group (Bermuda) Ltd. will continue as Cedar Management Limited, a Bermuda based captive manager. 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; and

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 provided by Professionals Direct Insurance Company. 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 amended to 2.5% of a \$4,000,000 excess \$1,000,000 layer. Effective June 1, 2008, the contract renewed for the same expiring terms.

OPERATIONS

Three months ended September 30, 2008 compared to three months ended September 30, 2007:

We recorded a net loss of \$1,022,165 for the third quarter of 2008 compared to a net income of \$332,707 for the same period of 2007. The increase in net loss is due to a decline in net investment income, a net realized loss on investments, and a decrease in net earned premiums.

Our net premiums earned for the third quarter of 2008 were \$2,061,362 compared to \$2,102,940 for the third quarter of 2007, a decrease of \$41,578 or 2.0%. The decrease is due to a premium rate decrease for premiums written under the AICPA Plan. Net premiums written for the three months ended September 30, 2008 were \$2,077,399, compared to \$2,132,213 for the third quarter of 2007, a decrease of \$54,814 or 2.6%.

We recorded net investment income of \$346,360 for the quarter ended September 30, 2008 compared to \$397,948 for the quarter ended September 30, 2007, a decrease of \$51,588 or 13.0%. Annualized investment yield, calculated as total interest and dividends divided by the net average amount of total investments, was 2.6% for the quarter ended September 30, 2008 compared to 2.8% for the

quarter ended September 30, 2007.

Sales of securities during the quarter ended September 30, 2008, net of impairment, resulted in net realized losses on investment of \$865,735 compared to gains of \$451,358 during the quarter ended September 30, 2007. The significant increase in realized losses recorded in the third quarter of 2008 primarily related to the recorded loss on impairment of equity securities in the amount of \$1,289,485.

Our loss ratios for the third quarters of 2008 and 2007 were 70.8% and 71.1% respectively. 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 second quarter of 2008 and 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. For the third quarter of 2007, we recorded additional reserves relating to the attorneys' professional liability plan. We continue to review the impact of the subprime mortgage market and credit related downturn on professional liability insurance policies and reinsurance contracts we write. At this time we believe, based on the claims information received to date, our current Incurred But Not Reported Losses ("IBNR") is adequate to meet any potential subprime and credit related losses. We will continue to monitor our reserve for losses and loss expenses for any new claims information and adjust our reserve for losses and loss expenses accordingly.

We expensed policy acquisition costs of \$594,485 in the third quarter of 2008 compared to \$596,851 for the same period of 2007, a marginal decrease of \$2,366 or 0.4%. The decrease in policy acquisition costs is due to a decrease in net premiums earned. These costs were 28.8% and 28.4% of net premiums earned for the quarters ended September 30, 2008 and 2007, 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 \$511,121 in the third quarter of 2008 compared to \$527,157 for the same period of 2007, a decrease of \$16,036 or 3.0%. The primary reason for this decrease was due to a decrease in marketing phase development expenses for RINITSTM incurred in the third quarter of 2008 compared to the third quarter of 2007.

AmerInst has two operating segments: 1) Reinsurance activity and 2) RINITSTM, its insurance financing product, which is in the marketing phase of development. The reinsurance segment had revenues of \$1,541,987 for the quarter ended September 30, 2008 and \$2,952,246 for the quarter ended September 30, 2007. Total losses and expenses for this segment were \$2,441,059 for the quarter ended September 30, 2008 and \$2,419,484 for the quarter ended September 30, 2007. This resulted in segment loss of \$899,072 for the quarter ended September 30, 2008 and segment income of \$532,762 for the period ended September 30, 2007.

The RINITSTM 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, 2008 had generated no revenue. Operating and management expenses in the marketing phase of development were \$123,093 for the quarter ended September 30, 2008 and \$200,055 for the quarter ended September 30, 2007.

Nine months ended September 30, 2008 compared to nine months ended September 30, 2007:

We recorded net loss of \$2,407,402 for the nine months ended September 30, 2008 compared to net income of \$971,485 for the nine months ended September 30, 2007. The loss was due to an increase in total losses and expenses, a decrease in net investment income, an increase in net realized losses due to the impairment of securities, partially offset by an increase in net premiums earned.

Our net premiums earned for the first nine months of 2008 were \$6,230,098 compared to \$5,889,197 for 2007. The change of \$340,901 represented a 5.8% increase. Premiums written in the nine months ended September 30, 2008 were \$6,014,802 compared to \$5,489,046 for the same period in 2007. This increase is due to an adjustment for premiums over ceded to AmerInst in prior years in the amount of \$670,863 recorded in the first nine months of 2007.

Net investment income through September 30, 2008 was \$1,112,680 compared to \$1,187,193 for the same period in 2007. The decline in net investment income is due to a lower amount invested in 2008 compared to 2007. Annualized investment yield was approximately 2.8% for the nine months ended September 30, 2008 and 2007, respectively.

We recorded net realized losses on investments, net of impairment, of \$1,835,788 during the nine months ended September 30, 2008 compared to \$1,372,201 in capital gains in the same period of 2007. The significant increase in realized losses recorded in 2008 primarily related to impairment of equity securities in the amount of \$2,623,397.

Our loss ratio for the first nine months of 2008 was 70.3% compared to 71.2% for the same period of 2007. 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 2008 and 2007, we multiplied an estimated loss ratio of 70% times the

AICPA Professional Liability Insurance Plan net premiums earned. We have recorded additional reserves relating to the attorneys' professional liability plan in the nine month period ended September 30, 2007. Our actual overall loss ratio for the year ended December 31, 2007 was 37.5%. We continue to review the impact of the subprime mortgage market and credit related downturn on professional liability insurance policies and reinsurance contracts we write. At this time we believe, based on the claims information received to date, our current IBNR is adequate to meet any potential subprime and credit related losses. We will continue to monitor our reserve for losses and loss expenses for any new claims information and adjust our reserve for losses and loss expenses accordingly.

We expensed policy acquisition costs of \$1,774,739 in the first nine months of 2008 compared to \$1,667,448 for the same period of 2007, an increase of \$107,291 or 6.4%. These costs were 28.5% of premiums earned for the nine-month period ended September 30, 2008 and 28.3% of premiums earned for the nine-month period ended September 30, 2007. The increase in policy acquisition costs in 2008 was due to the increase 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.

AmerInst has two operating segments: 1) Reinsurance activity and 2) RINITSTM, its insurance financing product, which is in the marketing phase of development. The reinsurance segment had revenues of \$5,506,990 for the nine months ended September 30, 2008 and \$8,448,591 for the nine months ended September 30, 2007. Total losses and expenses for this segment were \$7,551,208 for the nine months ended September 30, 2008 and \$6,929,227 for the nine months ended September 30, 2007. This resulted in segment loss of \$2,044,218 for the nine months ended September 30, 2008 and segment income of \$1,519,364 for the nine months ended September 30, 2007.

The RINITSTM 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, 2008 had generated no revenue. Operating and management expenses in the marketing phase of development were \$363,184 for the nine months ended September 30, 2008 and \$547,879 for the nine months ended June 30, 2007.

FINANCIAL CONDITION AND LIQUIDITY

Under existing accounting principles generally accepted in the United States, we are required to recognize certain assets at their fair value in our condensed consolidated balance sheets. This includes our fixed maturity investments and equity securities. Fair value, as defined in Financial Accounting Standard No. 157 "Fair Value Measurements" ("FAS 157"), is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon whether the inputs to the valuation of an asset or liability are observable or unobservable in the market at the measurement date, with quoted market prices being the highest level (Level 1) and unobservable inputs being the lowest level (Level 3). A fair value measurement will fall within the level of the hierarchy based on the input that is significant to determining such measurement. The three levels are defined as follows:

- **Level 1:** Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets in markets that are not active and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3:** Inputs to the valuation methodology that are unobservable for the asset or liability.

At each measurement date, we estimate the fair value of the financial instruments using various valuation techniques. We utilize, to the extent available, quoted market prices in active markets or observable market inputs in estimating the fair value of our investments. When quoted market prices or observable market inputs are not available, we utilize valuation techniques that rely on unobservable inputs to estimate the fair value of investments. The following describes the valuation techniques we used to determine the fair value of investments held as of September 30, 2008 and what level within the FAS 157 fair value hierarchy the valuation technique resides.

- **U.S. government agency securities:** Comprised primarily of bonds issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and the Federal National Mortgage Association. The fair values of U.S. government agency securities are priced using the spread above the risk-free U.S. Treasury yield curve. As the yields for the risk-free U.S. Treasury yield curve are observable market inputs, the fair values of U.S. government agency securities are included in the Level 2 fair value hierarchy. AmerInst considers that there is a liquid market for the types of securities held. Broker quotes are not used for fair value pricing.

- **Obligations of state and political subdivisions:** Comprised of fixed income obligations of state and local governmental municipalities. The fair values of these securities are based on quotes and current market spread relationship, and are included in the Level 2 fair value hierarchy. AmerInst considers that there is a liquid market for the types of securities held. Broker quotes are not used for fair value pricing.
- **Equity securities, at fair value:** Comprised primarily of investments in the common stock of publicly traded companies. All of the Company's equities are included in the Level 1 fair value hierarchy. The Company receives prices based on closing exchange prices from independent pricing sources to measure fair values for the equities.
- **Hedge fund:** Comprised of a hedge fund whose objective is to seek attractive long-term returns with lower volatility by investing in a range of diversified investment strategies. The fund invests in a diversified pool of hedge fund managers, generally across six different strategies: long/short equities, long/short credit, macro, multi-strategy opportunistic, activist, and portfolio hedge. The fair value of the hedge fund is based on the net asset value of the fund as reported by the fund manager. The fair value of our hedge fund is included in the Level 3 fair value hierarchy.

To validate prices, we complete quantitative analyses to compare the performance of the overall investment portfolio to the performance of an appropriate benchmark, with significant differences identified and investigated.

There have been no material changes to any of our valuation techniques from what was used as of December 31, 2007. Since the fair value of a financial instrument is an estimate of what a willing buyer would pay for our asset if we sold it, we will not know the ultimate value of our financial instruments until they are sold. We believe the valuation techniques utilized provide us with the best estimate of the price that would be received to sell our assets or transfer our liabilities in an orderly transaction between participants at the measurement date.

Current market conditions and the instability in the global credit markets present additional risks and uncertainties for our business. In particular, continued deterioration in the public debt and equity markets could lead to additional investment losses. The severe downturn in the public debt and equity markets, reflecting uncertainties associated with the mortgage crisis, worsening economic conditions, widening of credit spreads, bankruptcies and government intervention in large financial institutions, has resulted in significant realized and unrealized losses in our investment portfolio. Depending on market conditions going forward, particularly if current market conditions do not improve in the near future, we could incur substantial additional realized and unrealized losses in future periods, which could have an adverse impact on our results of operations and financial condition. The current market volatility may also make it more difficult to value certain of our securities if trading becomes less frequent. As such, valuations may include assumptions or estimates that may have significant period-to-period changes that could have a material adverse effect on our results of operations or financial condition.

As of September 30, 2008, our total investments were \$49,663,431, a decrease of \$3,956,597, or 7.4%, from \$53,620,028 at December 31, 2007. The decrease was primarily due to a decline in the fair value of the investments, which resulted from the unprecedented events and severe dislocation in the world's financial markets. These events in the capital or credit markets may continue to adversely effect the fair value of our investments in the future. The cash and cash equivalents balance decreased from \$1,778,798 at December 31, 2007 to \$1,351,060 at September 30, 2008, a decrease of \$427,738, or 24.0%. 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 restricted cash and cash equivalents balance decreased from \$841,602 at December 31, 2007 to \$471,409 at September 30, 2008, a decrease of \$370,193. The decrease is due to the timing of sales and maturities of investments held as restricted cash at September 30, 2008 that have not yet been reinvested. The ratio of cash and total investments to total liabilities at September 30, 2008 was 1.57:1, compared to a ratio of 1.79:1 at December 31, 2007.

The Company's investment portfolio includes U.S. mortgage/asset-backed securities, which comprised approximately 14% of our total investments at September 30, 2008. 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, 2008.

Assumed reinsurance premiums receivable are current assumed premiums receivable less commissions payable to the issuing carriers. This balance was \$548,659 at September 30, 2008 and \$605,756 at December 31, 2007. This balance fluctuates due to the timing of renewal premiums written.

The Bermuda Monetary Authority previously authorized Investco, a wholly-owned subsidiary of AmerInst, 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 November 1, 2008 Investco had purchased 84,886 common shares from individuals who have died or retired for a total purchase price of \$1,746,694. In addition, through that date, Investco had purchased in negotiated transactions at various prices 66,303 common shares for a total purchase price of \$869,027.

Cash Dividends

We paid our semi-annual dividends of \$0.47 per share during the first and third quarters of 2008. The third quarter dividend amount has been reduced by \$29,080, which represents a write-off of uncashed dividends issued prior to the year 2001 to shareholders that we have been unable to locate. Since AmerInst began paying consecutive dividends in 1995, our original shareholders have received approximately \$16.02 in cumulative dividends per share. When measured by a total rate of return calculation this has resulted in an effective annual rate of return of approximately 9.98% 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 \$28.06 per share as of September 30, 2008.

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, 2007.

Available Information

We file annual, quarterly, and current reports, proxy statements and other information with the Commission. You may read any document we file with the Commission at the Commission's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the Commission at 1-800-SEC-0330 for information on the public reference room. The Commission maintains an internet site that contains annual, quarterly, and current reports, proxy and information statements and other information that issuers (including AmerInst) file electronically with the Commission. The Commission's internet site is www.sec.gov.

Our internet site is www.amerinst.bm. We make available free of charge through our internet site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Commission. You will need to have on your computer the Adobe Acrobat Reader® software to view these documents, which are in PDF format. If you do not have Adobe Acrobat Reader, a link to Adobe's internet site, from which you can download the software, is provided. We also make available, through our internet site, via links to the Commission's internet site, statements of beneficial ownership of our equity securities filed by our directors, officers, 10% or greater shareholders and others under Section 16 of the Securities Exchange Act. In addition, we post on www.amerinst.bm our Memorandum of Association, our Bye-Laws, our Statement of Stock Ownership Policy, Charters for our Audit Committee and Nominating Committee, as well as our Code of Business Conduct and Ethics. You can request a copy of these documents, excluding exhibits, at no cost, by writing or telephoning us c/o Cedar Management Limited, 25 Church Street, Continental Building, P.O. Box HM 1601 Hamilton, Bermuda HMGX, Attention: Investor Relations (441) 296-3973. The information on our internet site is not incorporated by reference into this report.

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 Principal Executive Officer and our Principal 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 Principal Executive Officer and our Principal 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

Our results of operations and financial condition are subject to numerous risks and uncertainties, described in Part 1, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. We believe that the risk factors identified in that report have not changed in any material respect, except as set forth below.

Difficult conditions in the economy generally may materially adversely affect our business and results of operations, and these conditions may not improve in the near future.

Current market conditions and the instability in the global credit markets present additional risks and uncertainties for our business. In particular, continued deterioration in the public debt and equity markets could lead to additional investment losses. The severe downturn in the public debt and equity markets, reflecting uncertainties associated with the mortgage crisis, worsening economic conditions, widening of credit spreads, bankruptcies and government intervention in large financial institutions, has resulted in significant realized and unrealized losses in our investment portfolio. Depending on market conditions going forward, particularly if current market conditions do not improve in the near future, we could incur substantial additional realized and unrealized losses in future periods, which could have an adverse impact on our results of operations and financial condition. The current market volatility may also make it more difficult to value certain of our securities if trading becomes less frequent. As such, valuations may include assumptions or estimates that may have significant period-to-period changes that could have a material adverse effect on our results of operations or financial condition.

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

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 November 1, 2008, Investco had repurchased 84,886 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 September 30, 2008:

	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Program</u>	<u>Maximum Number of Shares That May Yet Be Purchased Under the Plans or Program</u>
July 2008	2,235	\$ 35.16	2,235	N/A
August 2008	—	—	—	N/A
September 2008	—	—	—	N/A
Total	2,235	\$ 35.16	2,235	N/A

From time to time, Investco has also purchased common shares in privately negotiated transactions. Through November 1, 2008, Investco had purchased 66,303 common shares in such privately negotiated transactions.

The following table shows information relating to the purchase of common shares in privately negotiated transactions as described above during the three month period ended September 30, 2008:

	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Program</u>	<u>Maximum Number of Shares That May Yet Be Purchased Under the Plans or Program</u>
July 2008	342	\$ 22.50	342	N/A
August 2008	—	—	—	N/A
September 2008	—	—	—	N/A
Total	342	\$ 22.50	342	N/A

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

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, 2008

AMERINST INSURANCE GROUP, LTD.
(Registrant)

By: /s/ STUART GRAYSTON
Stuart H. Grayston
President (Principal Executive Officer, duly authorized to sign
this Report in such capacity and on behalf of the Registrant)

And

By: /s/ THOMAS R. MCMAHON
Thomas R. McMahon
Vice President (Principal 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, 2008

<u>Exhibit Number</u>	<u>Description</u>
31.1	Certification of Stuart Grayston pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Thomas R. McMahon 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 Thomas R. McMahon pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**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 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)) an internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2008

/s/ STUART GRAYSTON

Stuart Grayston

President (Principal Executive Officer)

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

I, Thomas R. McMahon, 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 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)) an internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2008

/s/ THOMAS R. MCMAHON

Thomas R. McMahon

Vice President (Principal Financial Officer)

**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 September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart Grayston, President and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STUART GRAYSTON

Stuart Grayston

President (Principal Executive Officer)

November 14, 2008

**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 September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas R. McMahon, Vice President and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS R. MCMAHON

Thomas R. McMahon
Vice President (Principal Financial Officer)
November 14, 2008