



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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): September 25, 2009**

**AmerInst Insurance Group, Ltd.**

(Exact name of registrant as specified in its charter)

**Bermuda**  
(State or Other Jurisdiction  
of Incorporation)

**000-28249**  
(Commission File Number)

**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 HMGX**  
(Address of Principal Executive Office) (Zip Code)

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

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**Item 1.01 Entry into a Material Definitive Agreement.**

(a) APSL Agency Agreement

Effective September 25, 2009, AmerInst Professional Services, Limited (“APSL”), a Delaware corporation and wholly-owned subsidiary of AmerInst Mezco, Ltd. (“Mezco”) which is a wholly-owned subsidiary of AmerInst Insurance Group, Ltd. (“AmerInst”), entered into an agency agreement (the “Agency Agreement”) with The North River Insurance Company, United States Fire Insurance Company, Crum & Forster Indemnity Company, Crum and Forster Insurance Company, and Crum & Forster Specialty Insurance Company (collectively, “C&F”) pursuant to which C&F appointed APSL as its exclusive agent for the purposes of soliciting, underwriting, quoting, binding, issuing, cancelling, non-renewing and endorsing accountants professional liability and lawyers professional liability insurance coverage within the 50 states of the United States and the District of Columbia. The initial term of the Agency Agreement is for four years with automatic one year renewals.

The Agency Agreement is terminable by either APSL or C&F without cause at any time after the 24<sup>th</sup> month following the effective date of the Agency Agreement, upon 12 months prior written notice to the other party. In addition, C&F may terminate the Agency Agreement for cause immediately by providing written notice to APSL upon the occurrence of certain events including, but not limited to, APSL becoming insolvent or a change of control of APSL; APSL may terminate the Agency Agreement upon the occurrence of certain events including, but not limited to, A.M. Best assigning to C&F a rating below A-, C&F becoming bankrupt, or C&F’s license or certificate of authority being canceled or declined for renewal by the appropriate regulatory body.

(b) C&F Reinsurance Agreement

Also on September 25, 2009, AmerInst Insurance Company, Ltd. (“AMIC Ltd.”), a Bermuda company and wholly-owned subsidiary of Mezco, entered into a professional liability quota share agreement (the “Reinsurance Agreement”) with C&F pursuant to which C&F agrees to cede and AMIC Ltd. agrees to accept as reinsurance a fifty percent (50%) quota share of C&F’s liability under insurance written by APSL on behalf of C&F and classified by C&F as accountants professional liability and attorneys or lawyers professional liability, subject to AMIC Ltd. surplus limitations.

The Reinsurance Agreement also covers certain other liabilities that arise from the handling of any claim covered under the Reinsurance Agreement, as well as loss in excess of the policy limit having occurred because of, but not limited to, failure by C&F to settle within the policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against insureds or reinsureds or in the preparation or prosecution of an appeal.

Loss adjustment expenses will be in addition to the original policy limit and will be apportioned on the same quota share basis as is applicable to loss covered under the Reinsurance Agreement, unless the original policy provides loss adjustment expenses within the policy limit.

The Reinsurance Agreement is terminable by any party for any reason on not less than 120 days prior written notice and it may also terminate under certain other conditions including, but not limited to, AMIC Ltd. ceasing underwriting operations, or upon a change of control of AMIC, Ltd.

The above descriptions of the Agency Agreement and Reinsurance Agreement do not purport to be complete and are qualified in their entirety by reference to such agreements, which AmerInst expects to file as exhibits to its Quarterly Report on Form 10-Q for the quarter ending September 30, 2009. AmerInst intends to request confidential treatment for certain provisions in and exhibits to the Agency Agreement and Reinsurance Agreement as appropriate.



**Item 7.01 Regulation FD Disclosure.**

On October 1, 2009, AmerInst mailed the attached Letter to Shareholders to its shareholders.

This Current Report on Form 8-K and the Letter to Shareholders, attached hereto as Exhibits 99.1, are being furnished to the Securities and Exchange Commission under Item 7.01 of Form 8-K in satisfaction of the public disclosure requirements of Regulation FD of the Securities Exchange Act of 1934.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Letter to Shareholders dated September 30, 2009



**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, hereunto duly authorized.

**AMERINST INSURANCE GROUP, LTD.**

By: /s/ Irvin F. Diamond  
Irvin F. Diamond  
Chairman of the Board

Date: October 1, 2009



**Exhibit 99.1**



## AmerInst Insurance Group, Ltd.

Continental Building, 25 Church Street  
PO Box HM 1601  
Hamilton HM GX, BERMUDA  
Tel: (441) 295-6015  
Fax: (441) 295-1702  
[www.amerinst.bm](http://www.amerinst.bm)

September 30, 2009

My fellow shareholders:

The Board of Directors of AmerInst Insurance Group, Ltd. (“AmerInst” or the “Company”) has declared the Company’s 49<sup>th</sup> consecutive dividend to shareholders of record on September 21, 2009. We are pleased to enclose your semi-annual dividend check for 47 cents per share. The Board currently expects that the next semi-annual dividend of 47 cents per share will occur in the first quarter of 2010.

Your Board of Directors is pleased to announce that, as of September 25, 2009, it has entered into an agreement with certain insurance companies of Crum & Forster Holdings Corp. (“C&F”) to provide professional liability coverage to accounting firms. C&F insurance companies are rated A (Excellent) by A. M. Best Company. (For more information about the C&F insurance companies, please visit their website, [www.cfins.com](http://www.cfins.com).) The program will be internet based and marketed to sole practitioners and firms with less than \$2 million in annual revenue. As part of our future business strategy, we plan to expand the program to include other non-healthcare professional service firms.

AmerInst Insurance Group, through its recently formed subsidiary AmerInst Professional Services, Ltd. (APSL), will provide marketing, underwriting, application and other services to insureds and C&F insurance companies. AmerInst Insurance Company, Ltd. (AIC) will also provide reinsurance to C&F insurance companies for this book of professional liability business. As a result, AmerInst will have two revenue streams: one from the services APSL will provide, and another from AIC’s traditional activities as a reinsurer. In addition, AmerInst will have the advantage of being the primary contact for these customers.

In our view, APSL adds significant value to our new venture. APSL will be headquartered in Chicago, under the direction of CEO Kyle Nieman, who led the AICPA-sponsored program at CNA for several years. Kyle will be joined by other experienced professionals who have developed technology-based systems and marketing programs for these product lines. We believe that APSL’s markets are overpriced and underserved by present carriers. We also believe that by using technology to streamline the underwriting and application process, we can achieve substantial savings which can be passed along to our customers.

Your Board of Directors has spent considerable time examining the various options (including the possibility of liquidation) available to AmerInst as a result of the termination of the CNA treaty. Over the last several months, we investigated a number of new opportunities and performed substantial due diligence in connection with this C&F insurance company venture. We believe that the agreement we have reached is in the best interests of our shareholders and in line with AmerInst’s mission of providing financial protection to future generations of CPA firms.

We believe that 2010 will be a start-up year for these two programs and, while nothing can be guaranteed, we expect to achieve profitability in 2012.

*Protection for Generations of CPA Firms*



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Please feel free to contact me if you have questions at my email address, [iamond@redw.com](mailto:iamond@redw.com) or by telephone: 505-998-3205.

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

Sincerely,

Irvin F. Diamond, CPA  
Chairman

Certain statements in this Chairman's Letter are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"), including but not limited to the amount and timing of future shareholder dividends, our ability to expand the C&F plan to other companies or industries, our ability to generate revenue from APSL and AIC, our ability to generate savings in the underwriting and application process, and our ability to achieve profitability by 2012 in the APSL and AIC programs. Additionally, words such as "may," "believe," "will" and other similar expressions are forward-looking statements within the meaning of the Act. Some or all of the events or results anticipated by these forward-looking statements may not occur. Factors that could cause or contribute to such differences include the limiting of other business opportunities by the current difficult economic conditions, increased competitive pressures and higher than expected losses, unexpected events which require AmerInst to conserve its working capital, lack of interest by other companies in the C&F plan, higher than expected costs in the APSL and AIC programs, unexpected difficulties in implementing technology to streamline our underwriting and application process, and increased competition in the professional liability and reinsurance industries. Further information about AmerInst's risk factors is contained in its filings with the Securities and Exchange Commission, including the annual report on Form 10-K for the year ended December 31, 2008, and subsequently filed quarterly reports on Form 10-Q. AmerInst does not undertake any duty nor does it intend to update the results of these forward-looking statements.

*Protection for Generations of CPA Firms*