

In the Matter of the Acquisition of Control  
of Physicians Insurance Company of Wisconsin, Inc.  
by American Physicians Assurance Corporation,

Case No. 04-C29283

Petitioner.

STATE OF WISCONSIN    )  
  ) ss:  
COUNTY OF DANE        )

**AFFIDAVIT OF WILLIAM T. MONTEI**

William A. Montei, first being duly sworn, states as follows:

1. I am making this affidavit based on personal knowledge unless otherwise noted.
2. I am the President and Chief Executive Officer of Physicians Insurance Company of Wisconsin, Inc. ("PIC.")
3. PIC is a Wisconsin-based corporation whose primary business is providing professional medical liability insurance and related products and services.
4. PIC was founded in 1986 in cooperation with the Wisconsin Medical Society at a time when the medical liability insurance market in Wisconsin was in turmoil. PIC was founded primarily to provide quality insurance to Wisconsin physicians at affordable prices and to help bring stability to the market for that insurance.
5. Today, the Wisconsin medical liability insurance market is stable, and PIC is acknowledged as being one of the primary reasons for that stability.
6. Since its founding, PIC has adhered to its core philosophy of continued governance by and for physicians.

7. PIC has maintained an AM Best A- (excellent) rating for more than eight years with a stable outlook.

8. Upon information and belief, American Physicians Assurance Corporation ("APAC") is a Michigan-based corporation involved in several lines of insurance and doing business in approximately nine states.

9. Upon information and belief, APAC is a publicly-traded company and has experienced significant financial difficulty. In 2003, its AM Best rating was downgraded to from A- to B+ with a negative outlook.

10. Upon information and belief, APAC has also been named in a securities class action lawsuit in the Western District of Michigan. The lawsuit alleges that certain disclosures made between February 13, 2003 and November 6, 2003 were made in violation of securities laws.

11. Upon information and belief, in 2003 APAC acquired Physicians Insurance Company, an insurance company in the state of Florida. APAC is currently exploring various options to divest its investments in that company.

12. I have been generally advised and have reviewed the contents of APAC's "Form A Filing Regarding the Acquisition of Control of Physicians Insurance Company of Wisconsin, Inc. by American Physicians Assurance Corporation" ("Form A") filed with the Office of the Commissioner of Insurance on or about September 21, 2004. According to APAC's Form A, if the acquisition is approved and the accompanying "Stock Purchase Agreement" subsequently executed, APAC will own approximately 22.7% of PIC's outstanding shares.

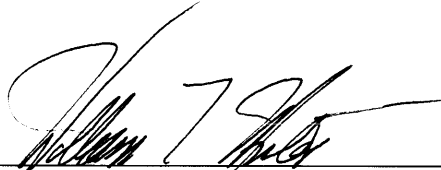
13. PIC has a substantial interest which may be affected by the decision of the Office of the Commissioner of Insurance in connection with APAC's Form A.

14. PIC is concerned that APAC's acquisition would negatively affect its ability to fulfill its core mission, that is serving the interests of Wisconsin physicians by providing stable and affordable medical liability insurance in Wisconsin.

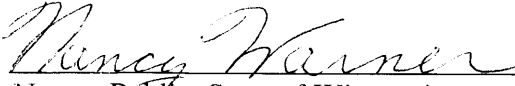
15. PIC believes that the proposed acquisition of control of PIC is contrary to the interests of PIC's policyholders, that the acquisition will negatively affect the business and operation of PIC, that the acquisition will jeopardize the Wisconsin medical liability insurance market, thus making it contrary to the interests of the public in general, that an examination of APAC and its business practices will reveal that it is not a fit and proper owner of PIC, and that the manner in which APAC solicited proposed sellers of PIC stock may have been in violation of the law.

16. For all the reasons set forth above, and others, PIC believes that the OCI will be required to disapprove this acquisition under Wis. Stat. § 611.72(3).

Dated this 15 day of October, 2004

  
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William T. Montej

Subscribed and sworn to before me  
this 15 day of October, 2004.

  
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Notary Public, State of Wisconsin

My commission: 3/20/2005