

EXHIBIT B

OFFICE OF THE COMMISSIONER OF INSURANCE

STATE OF WISCONSIN

**In the Matter of
Proposed Acquisition of Control of
Physicians Insurance Company of
Wisconsin, Inc. by
American Physicians Capital, Inc., and
American Physicians Assurance
Corporation (“Applicants”)**

PHYSICIANS INSURANCE COMPANY
OF WISCONSIN, INC.’S PRELIMINARY
RESPONSES TO AMERICAN
PHYSICIANS CAPITAL, INC. AND
AMERICAN PHYSICIANS ASSURANCE
CORPORATION’S INTERROGATORIES

Case No. 04-C29283

Physicians Insurance Company of Wisconsin, Inc. (“PIC”) hereby provides the following preliminary responses to the interrogatories proposed by American Physicians Capital, Inc. and American Physicians Assurance Corporation (“APC”):

Interrogatory 1 Do you contend that the stock of PIC is not transferable? If so, please provide the following information:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection as to form. See Proposed Stipulation, attached as Exhibit D.

Interrogatory 2 Do you contend that PIC was organized as a mutual insurance company rather than a stock insurance company? If so, please provide the following information:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and

- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection as to relevance and form. *See Proposed Stipulation, attached as Exhibit D.*

Interrogatory 3 Identify the value that you contend each share of stock of PIC was worth on each of the following dates:

- A. The date of incorporation of PIC;
- B. The date of the 1994 Redemption Offering;
- C. The date of the 1998 Redemption Offering;
- D. The date of the Shareholder Redemption and Exchange Plan;
- E. The date of the 2004 Shareholder Value Plan; and
- F. The date(s) of redemption of any shares issued to officer or director of PIC March 15, 2005.

PRELIMINARY RESPONSE: Objection: This interrogatory seeks information that is irrelevant and not related to the statutory standards at issue in this proceeding. *See Centra, Inc. v. Chandler Ins. Co.*, 540 N.W.2d 318, 331 (Neb. 1995).

Interrogatory 4 For each valuation stated in response to interrogatory 4, describe the calculation, or the basis of the calculation used to respond to the interrogatory.

PRELIMINARY RESPONSE: Objection: This interrogatory seeks information that is irrelevant and not related to the statutory standards at issue in this proceeding.

Interrogatory 5 What “violations of law” do you contend occurred in connection with the transaction that is the subject to the Form A filing at issue in this proceeding?

PRELIMINARY RESPONSE: PIC has already identified certain statutory bases, but further discovery is needed. *See Memorandum of Physicians Insurance Company of Wisconsin,*

Inc. ("PIC") In Support of Its Requests For Discovery, at 9. PIC will answer this interrogatory after it has completed its requested discovery.

Interrogatory 6 With respect to each alleged violation, please provide the following information:

- A. Identify the specific law that PIC contends was violated, or may have been violated, and describe fully the alleged manner in which the law was violated;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: PIC has already identified certain statutory bases, but further discovery is needed. PIC will answer this interrogatory after it has completed its requested discovery.

Interrogatory 7 Do you contend that the transaction that is the subject of the current Form A filing constitutes a change in "control" as defined in the Wisconsin Insurance Statutes or regulations? If so, please provide the following information:

- A. Describe fully the factual and legal basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: This interrogatory seeks a response on a mixed question of fact and law. PIC has already identified statutes that afford presumptive "control" to a 24% block of shares. PIC will answer this interrogatory after it has completed its requested discovery.

Interrogatory 8 Do you contend that PIC will be unable to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which PIC is currently licensed to operate if the proposed transaction that is subject to the Form A filing is approved? If so, please provide the following information:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: This interrogatory seeks a response on a mixed question of fact and law. PIC will answer this interrogatory after it has completed its requested discovery.

Interrogatory 9 Do you contend that the proposed transaction that is subject to the Form A filing will create a monopoly or substantially lessen competition in insurance in Wisconsin? If so, please provide the following information:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: This interrogatory seeks a response on a mixed question of fact and law. PIC will answer this interrogatory after it has completed its requested discovery.

Interrogatory 10 In PIC's Request for Admission as Party, PIC states that "PIC's primary motivation [is] service to its policyholders." Describe fully what, if any, duties PIC would acknowledge that it owes to its shareholders.

PRELIMINARY RESPONSE: Objection: PIC's duties to its shareholders are irrelevant to any issue in front of this Commission. *See Centra, Inc. v. Chandler Ins. Co.*, 540 N.W.2d 318,

331 (Neb. 1995); *But see* Response to Request for Admission No. 11; Proposed Stipulation, Exhibit D, ¶ 10. Regardless, PIC has not violated any duty that it owes to its shareholders.

Interrogatory 11 With respect to PIC's contention that "Petitioner's financial difficulties and financial status could adversely affect PIC Wisconsin's financial stability," as stated in PIC's Request for Admission as Party, please provide the following:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information and other sources, including A.M. Best Reports. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 12 With respect to PIC's contention that "there are serious questions regarding the qualifications of the person's who control Petitioner," as stated in PIC's Request for Admission as Party, please provide the following:

- A. Identify each "person" to whom this statement refers;
- B. For each such person, describe fully the factual basis for your assertion that this person "controls" Petitioner, and the basis for your challenge to the qualification of each such person;
- C. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- D. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information and other SEC filings by shareholders of AP Capital. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 13 With respect to PIC's contention that there are "serious questions about the accuracy and credibility of Petitioner's claims that it has no plans or proposals to make any material change in PIC Wisconsin's business, corporate structure or management," as stated in PIC's Request for Admission as Party, please provide the following:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information. *See In the Matter of the Acquisition of Stock of the St. Paul Companies, Inc., Including St. Paul Fire and Casualty Insurance Company, a Wisconsin Corporation, by Alleghany Corporation, a Delaware Corporation, and Whether the Acquisition Constitutes Acquisition of Control*, Findings of Fact, Conclusions of Law, Final Decision, and Order, Case No. 88-C20269, dated April 7, 1988. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 14 With respect to PIC's contention that there are "serious questions about the accuracy and credibility of Petitioner's express and unexpressed intentions regarding the controlling interest it seeks in PIC Wisconsin," as stated in PIC's Request for Admission as Party, please provide the following:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information. *See In the Matter of the Acquisition of Stock of the St. Paul Companies, Inc., Including St. Paul Fire and Casualty Insurance Company, a Wisconsin*

Corporation, by Alleghany Corporation, a Delaware Corporation, and Whether the Acquisition Constitutes Acquisition of Control, Findings of Fact, Conclusions of Law, Final Decision, and Order, Case No. 88-C20269, dated April 7, 1988. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 15 With respect to PIC's contention that there "are serious questions about Petitioner's history of acquisitions and dispositions of companies," as stated in PIC's Request for Admission as party, please provide the following:

- A. Describe fully the factual basis for this contention, including each "acquisition" or disposition" to which this refers, and why PIC claims it is relevant;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information and other sources, including A.M. Best Reports. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 16 With respect to PIC's contention that there are "serious concerns about the potential impact of Petitioner's proposed acquisition on PIC Wisconsin, its policyholders, and the market for medical liability insurance in Wisconsin," as stated in PIC's Request for Admission as Party, please provide the following:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information and other sources, including A.M. Best Reports. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 17 With respect to PIC's contention that there are "serious questions as to whether the proposed acquisition, the actions that Applicant has taken with respect to certain shareholders who have executed a stock purchase agreement with Applicant and the manner in which the Applicant is seeking to obtain control of PIC Wisconsin violate the law," as stated in PIC's Request for Admission as Party, please provide the following information:

- A. Describe fully the factual basis for this contention;
- B. Identify all witnesses you intend to call if admitted as a party with respect to this issue; and
- C. Identify all documents upon which you intend to rely to support this contention.

PRELIMINARY RESPONSE: Objection: PIC's contentions were based on publicly disclosed (by APC) information. See Memorandum of Physicians Insurance Company of Wisconsin, Inc. ("PIC") In Support of Its Requests For Discovery, Sections I(H) and II, and Exhibits A & B thereto, including Documents Requests 33, 34, 35, 38 and Interrogatories 1, 2, 3, 5, 6, and 7. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 18 If you contend that the Form A is in any way incomplete, or not otherwise in compliance with Wisconsin law, please:

- A. Identify the alleged matters in which the Form A is incomplete or otherwise not in compliance with law;
- B. The witnesses you intend to rely upon with regard to each such matter; and
- C. Identify all documents that relate to your response.

PRELIMINARY RESPONSE: Objection: This interrogatory seeks a response on a mixed question of fact and law. PIC will answer this contention interrogatory after it has completed its requested discovery.

Interrogatory 19 For each state in which PIC, Century American Casualty Company or Century American Insurance Company were authorized to conduct business as of May 1998, and in which state they no longer conduct business, please provide the following information:

- A. Describe the reason(s) why PIC decided not to conduct business in each state;
- B. Whether PIC, Century American Casualty Company or Century American Insurance Company had a business relationship with the medical society of each such state at any time; and
- C. Identify the persons most knowledgeable about PIC's decision to cease to conduct business in each state.

OBJECTION: This interrogatory seeks information that is irrelevant to the statutory criteria before the OCI. PIC is not the Form A applicant.

Interrogatory 20 For each expert witness that you intend to call if admitted as a party, please state:

- A. The expert's qualifications;
- B. The subject matter about which the expert is expected to testify;
- C. The substance of the facts and opinions to which the expert is expected to testify; and
- D. A summary of the grounds for each opinion.

OBJECTION: This request is premature. As discussed in PIC's memorandum, the Commissioner should set appropriate deadlines relating to expert disclosure, exchange of expert reports and/or depositions. PIC will not be able to name all experts until APC has disclosed its experts. PIC will name its experts at the appropriate time designated by the Commissioner. However, PIC hereby does disclose Joan Schmit as an expert witness, as she requires immediate access to APC's confidential documents in order to complete her work.

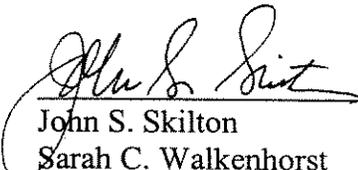
Interrogatory 21 If you have denied or failed to admit the truth of any of Applicants' Requests for Admissions, in whole or in part, then state the following:

- A. For each such response, describe fully the basis of your response;
- B. Identify all persons with knowledge of the facts underlying your response; and
- C. Identify all documents that relate to your response.

PRELIMINARY RESPONSE: For cases set forth herein and in PIC's responses to Applicants' Requests for Admissions, this interrogatory is premature. PIC will, of course, provide its list of witnesses and exhibits in a timely fashion pursuant to such order(s) as the Commission might enter.

Dated this 17th day of June, 2005.

Respectfully submitted,



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