

**AMENDMENT TO THE FORM A  
STATEMENT REGARDING THE ACQUISITION OF CONTROL OF  
OR MERGER WITH A DOMESTIC INSURER**

Filed with the Office of the Commissioner of Insurance,

State of Wisconsin

**PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.**

**NAIC #23400**

By

**AMERICAN PHYSICIANS ASSURANCE CORPORATION**

April \_\_, 2005

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## ITEM 1

### INSURER AND METHOD OF ACQUISITION

After the Form A was filed with OCI on September 21, 2004, the Stock Purchase Agreement between American Physicians Assurance Corporation (“APA”) and the “Selling Shareholders” was amended. As disclosed in the original Form A filing, APA was in negotiation with an additional shareholder for the purchase of 332 additional shares. Agreement was reached with this shareholder, and the first amendment makes the additional shareholder a party to the Stock Purchase Agreement. Amendment No. 1 was effective as of November 30, 2004. A copy of Amendment No. 1 is filed as Exhibit 1 to this amended Form A. The related escrow agreements between the parties are filed as Exhibits 2 and 3. The form of those agreements was filed with the original Form A. In addition, the parties agreed to extend the date after which the parties have the right to terminate the Agreement from June 30, 2005 to December 31, 2005. This agreement is contained in Amendment No. 2, a copy of which is filed as Exhibit 4 to this amended Form A.

### ITEM 3

#### IDENTIFY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

The Applicant noted an error with regard to Mr. Clinton's background as set forth in the Form A. Mr. Clinton became President and Chief Executive Officer of APA in June 2002, and continues in those positions to the present. He was not the Chief Operating Officer of APA.

Joseph Stilwell was appointed to the Board of Directors of American Physicians Capital, Inc. on November 10, 2004 pursuant to a standstill agreement between the Company and the Stilwell Group, which also includes director Spencer Schneider. Mr. Stilwell's information is as follows:

##### **Joseph David Stilwell, Director**

(a) 26 Broadway, 23<sup>rd</sup> Floor  
New York, NY 10004

(b) Investment Manager for the following companies:

Stilwell Value, LLC (2000 to the present)

Stilwell Partners, LP (1998 to the present)

Stilwell Associates, LP (1993 to the present)

The business address for all these companies is that same as listed in part (a).

(c) In addition to the positions listed in part (b), Mr. Stilwell was employed by Gilder, Gagnon, Howe & Co. from 1985 to 1993. The address was: 1775 Broadway, New York, New York 10019.

(d) Mr. Stilwell has not been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the past 10 years.

The Applicant also notes that Dr. Emerick will not stand for re-election at the annual meeting scheduled for May 4, 2005 as a result of an age limitation contained in the bylaws of American Physicians Capital, Inc.

## **ITEM 4**

### **NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

The original Form A detailed the negotiations between the parties, and indicated that APA was in negotiations to acquire an additional 332 shares. The holder of the 332 shares became a party to the Stock Purchase Agreement pursuant to Amendment No. 1 to the Stock Purchase Agreement.

## ITEM 5

### APPLICANT'S FUTURE PLANS FOR THE INSURER

The Shareholder Value Plan initiated by PIC-Wisconsin, and referred to in the original Form A, has now been withdrawn. Therefore, APA's ownership interest in PIC will not increase as a result of the implementation of that Plan.

As indicated in response to Item 4, APA has reached agreement with a sixth shareholder to purchase 332 additional shares pursuant to an amendment to the Stock Purchase Agreement.

APA stated in its Form A that it does not seek a hostile relationship with the current management of PIC-Wisconsin, or the current Board of Directors. Since the filing of the Form A, it has become clear that PIC-Wisconsin has taken steps that are adverse to its current shareholders, and to APA. For example, PIC-Wisconsin's Board of Directors amended its bylaws to limit when shareholders can call meetings, to impose detailed procedural requirements on shareholders who wish to nominate directors or propose matters for action by the shareholders, to restrict the ability of shareholders to remove directors without cause, and to attempt to restrict the ability of shareholders to transfer their shares. PIC-Wisconsin has also adopted a "Shareholder Rights Plan," more commonly known as a "poison pill." These actions have the effect of further entrenching management and the Board, regardless of their performance. Based on these actions, APA intends to seek representation in the form of one or two seats on the Board of Directors in order to protect its investment. The shares of PIC-Wisconsin which will be acquired pursuant to this Form A application cannot, under PIC's current Bylaws, elect a director unless more than a majority of the other shares do not vote. APA does not have the voting power to elect a director on its own and the restrictions noted above will make it more than difficult to nominate and elect a director unless the current Board agrees.

APA's statements regarding not planning any changes in the management or operations of PIC-Wisconsin continue to be accurate.

## **ITEM 6**

### **VOTING SECURITIES TO BE ACQUIRED**

Pursuant to the Amendment described previously, APA has entered into an agreement to purchase the 332 shares referenced in the original Form A filing at a price of \$3,800 per share.

The Shareholder Value Plan referenced in the original filing has been withdrawn by PIC-Wisconsin.

## ITEM 7

### OWNERSHIP OF VOTING SECURITIES

APA's potential ownership rights have increased by 332 shares as a result of the Amendment to the Stock Purchase Agreement.

## ITEM 8

### CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

In addition to the Stock Purchase Agreement filed with the initial Form A, the parties have entered into an amended Stock Purchase Agreement, and a related Escrow Agreement. The Amendment No. 1 to the Stock Purchase Agreement, the Escrow Agreement, and Amendment No. 1 to the Escrow Agreement are filed as Exhibits to this amendment. The parties have also executed Amendment No. 2 to the Stock Purchase Agreement, which extends the date after which the parties may terminate the Agreement to December 31, 2005.

## ITEM 12

### FINANCIAL STATEMENTS AND EXHIBITS

APA supplements its prior filings with the following Exhibits:

1. Amendment No. 1 to the Stock Purchase Agreement
2. Escrow Agreement
3. Amendment No. 1 to the Escrow Agreement
4. Amendment No. 2 to the Stock Purchase Agreement

ITEM 13

SIGNATURE AND CERTIFICATION

Signature

Pursuant to the requirements of ch. Ins. 40, Wis. Adm. Code, AMERICAN PHYSICIANS ASSURANCE CORPORATION has caused this amended application to be duly signed on its behalf in the City of East Lansing, and State of Michigan, on this \_\_\_ day of April, 2005.

AMERICAN PHYSICIANS ASSURANCE CORPORATION

By: R. Kevin Clinton  
R. Kevin Clinton, President and Chief Executive Officer

Attest:

Annette E. Flood  
Annette E. Flood, Chief Operating Officer

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached amended application dated April \_\_, 2005, for and on behalf of AMERICAN PHYSICIANS ASSURANCE CORPORATION; that he is the President and Chief Executive Officer of such company and that he is authorized to execute and file such instrument.

Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

R. Kevin Clinton  
R. Kevin Clinton, President and CEO

Subscribed and sworn to this  
13 day of April, 2005.

Stacy L. Johnson  
Notary Public

STACY L. JOHNSON  
Notary Public, State of Michigan, County of Eaton  
My Commission Expires May 9, 2005  
Acting in the County of Eaton