

## **Exhibit 2**



January 17, 2002

**DELIVERED BY HAND**

Commissioner Frank M. Fitzgerald  
Michigan Office of Financial and Insurance Services  
Division of Insurance  
611 W. Ottawa Street, 2<sup>nd</sup> Floor  
Lansing, MI 48933

Re: Indirect Acquisition of Control of American Physicians Assurance Corporation ("APA"), APSpecialty Insurance Corporation ("APS"), and Insurance Corporation of America ("ICA")--**Request for Form A Exemption and Approval of Acquisition of more than 5% of the Capital Stock of a Converted Stock Company.**

Dear Commissioner Fitzgerald:

Pursuant to the provisions of MCL 500.1317(b), Pzena Investment Management, LLC ("PIM") requests a Form A exemption with respect to the above-referenced indirect acquisition of control.

APA, APSpecialty and ICA are each Michigan domiciled direct, wholly owned subsidiaries of American Physicians Capital, Inc. ("APCapital"), a Michigan, publicly traded holding company.

PIM is a privately-held, Delaware limited liability company that is registered as an investment adviser under the Investment Advisers Act of 1940. PIM is engaged in the business of managing investment portfolios for individual and institutional clients, including pension and profit sharing plans, endowments, trusts, estates, charitable foundations, state and municipal government entities, partnerships, corporation, and mutual funds. As of January 8, 2001, PIM manages about \$2.8 billion in assets for approximately 176 client accounts. Pursuant to its contracts with these clients, PIM has full discretionary power to acquire, hold, and sell securities for the clients' accounts, and to place orders for the execution of securities purchases and sales through brokers and dealers selected by PIM or designated by the client. The securities acquired by PIM on behalf of its clients are delivered to the individual accounts of those clients, and client funds are used to pay for both the securities and all transaction charges associated with their purchase. The client, not PIM, is the legal owner of the securities and all economic benefits thereof. In most cases, however, the client also gives PIM a proxy to vote all of the securities in the account and thus, PIM is shown on the security Issuer's records as a beneficial owner of the securities.

PIM began acquiring shares of APCapital for its small-cap and all-cap client accounts on or about December 7, 2000. It continued to acquire shares throughout 2001 as cash became available in existing client accounts and new client accounts were opened. As of October 10, 2001, PIM had acquired 567,475 shares, or approximately 5.06% of the voting shares of APCapital for and on behalf of its clients. By January 3, 2002, PIM had acquired approximately 8.4% of APCapital for and on behalf of its clients. On January 4, 2002, PIM acquired additional shares bringing the total number of shares acquired by it for its clients to 1,133,225, or

approximately 10.3%. Subsequent to the January 4<sup>th</sup> acquisition, PIM became aware of the requirements of MCL 500.1311 through MCL 500.1319 and MCL 500.5909(1) regarding acquisition of control shares of a Michigan domiciled insurer and converted stock company.

PIM desires to acquire additional APCapital voting shares for and on behalf of its clients, up to a maximum of 16%. All shares of APCapital stock acquired by PIM for and on behalf of its clients are held, and are to be held, solely for investment purposes and not for the purpose of seeking to direct the business activities of APCapital.

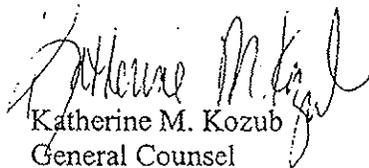
Neither PIM nor, to PIM's knowledge, any of its clients, has representation on the Boards of Directors of APCapital, APA, APSpecialty or ICA, and PIM does not contemplate seeking such representation at any time in the foreseeable future.

PIM believes the Form A filing requirements of MCL 500.1311 through MCL 500.1319 do not contemplate the holding of an insurer's voting shares solely for investment purposes and not for the purpose of seeking to direct its business activities. MCL 500.1317(b) permits the Commissioner to exempt by order actions not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer or as otherwise not comprehended within the purposes of MCL 500.1311 through MCL 500.1319.

In the above circumstances, PIM requests that it be permitted to acquire and hold for its clients' investment purposes more than 5%, but less than 16% of APCapital outstanding common stock, and that PIM be exempted from the Form A filing requirements in its indirect acquisition of APA, APSpecialty and ICA. In this regard, PIM is also filing under separate cover its rebuttal of presumption of control and disclaimer of affiliation pursuant to the provisions of MCL 500.1332.

Please respond directly to the undersigned in this matter, with copies to Ann Storberg and Jane Chorley at APCapital. If you have any questions or require further information in advance of issuing your formal response, please feel free to contact the undersigned at 212-583-1291 or kozub@pzena.com.

Sincerely,

  
Katherine M. Kozub  
General Counsel  
Director of Compliance

Enclosures

cc: Ann Storberg, APCapital  
Jane P. Chorley, APCapital  
Richard S. Pzena, PIM



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Commissioner Frank M. Fitzgerald  
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611 W. Ottawa Street, 2<sup>nd</sup> Floor  
Lansing, MI 48933

Re: **Disclaimer of Affiliation** with American Physicians Assurance Corporation ("APA"), APSpecialty Insurance Corporation ("APS"), and Insurance Corporation of America ("ICA")

Dear Commissioner Fitzgerald:

Pursuant to the provisions of MCL 500.1332, Pzena Investment Management, LLC ("PIM") hereby petitions for approval of the above-referenced disclaimer of affiliation. In support of this petition, PIM hereby offers the following information:

1. APA, APSpecialty and ICA are each Michigan domiciled direct, wholly owned subsidiaries of American Physicians Capital, Inc. ("APCapital"), a Michigan, publicly traded holding company with 50,000,000 authorized shares and 10,934,122 outstanding shares at November 12, 2001 (as reported in APCapital's Form 10-Q filed with the U.S. Securities and Exchange Commission on November 14, 2001).
2. PIM is organized as a Delaware limited liability company. It is governed by the terms of a written Operating Agreement made as of November 27, 1995 and restated as of January 3, 1996. Section 1.03 of such Operating Agreement captioned "Purposes and Powers" (a true and correct copy of which is attached hereto as Exhibit A) specifically states that:

"The purpose of the Company shall be to manage investment portfolios for, and provide investment advice to, investors of all kinds, including individuals, endowments, trusts and estates, charitable foundations, partnerships, corporations, mutual funds and other investment companies, tax-exempt funds such as pension and profit-sharing plans, and to engage in any and all businesses and activities similar to, related to or which will enhance any of the foregoing."

PIM's Operating Agreement does not contemplate or specifically authorize the operation of an insurance business.

3. PIM filed an application for registration as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act") on December 5, 1995. The United States Securities and Exchange Commission issued an order (the "SEC Order") granting such Registration on

December 15, 1995. A true and correct copy of the SEC Order is attached hereto as Exhibit B. A true and correct copy of PIM's current Form ADV Application for Investment Adviser Registration is attached hereto as Exhibit C. This Form ADV reflects all amendments to PIM's initial application as required by the Advisers Act. It gives detailed information about PIM and its business activities, affiliations and relationships, none of which are insurance related.

4. PIM has been actively engaged in the investment advisory business pursuant to the SEC Order and in furtherance of its stated purposes since 1/1/96. As of January 8, 2001, PIM manages about \$2.8 billion in assets for approximately 176 client accounts. Pursuant to its contracts with these clients, PIM has full discretionary power to acquire, hold, and sell securities for the clients' accounts, and to place orders for the execution of securities purchases and sales through brokers and dealers selected by PIM or designated by the client. The securities acquired by PIM on behalf of its clients are delivered to the individual accounts of those clients, and client funds are used to pay for both the securities and all transaction charges associated with their purchase. The client, not PIM, is the legal owner of the securities and all economic benefits thereof. In most cases, however, the client also gives PIM a proxy to vote all of the securities in the account and thus, PIM is shown on the security Issuer's records as a beneficial owner of the securities.

5. PIM began acquiring shares of APCapital for its small-cap and all-cap client accounts on or about December 7, 2000. It continued to acquire shares throughout 2001 as cash became available in existing client accounts and new client accounts were opened. As of October 10, 2001, PIM had acquired 567,475 shares, or approximately 5.06% of the voting shares of APCapital for and on behalf of its clients. By January 3, 2002, PIM had acquired approximately 8.4% of the voting shares of APCapital for and on behalf of its clients. On January 4, 2002, PIM acquired additional shares, bringing its acquisition total to 1,133,225 shares, or approximately 10.3%. No additional shares have been acquired by PIM as of the date of this petition. However, PIM has requests for a Form A Exemption and Approval of the Acquisition of more than 5% of the capital stock of a converted stock company pending with the Michigan Office of Financial and Insurance Services, Division of Insurance that include a requests for approval for PIM to acquire up to a maximum of 16% of the outstanding shares of APCapital for its clients.

6. Of the 1,133,225 shares of voting stock of APCapital acquired by PIM for and on behalf of its investment advisory clients, PIM has voting power over 1,027,325 shares, or 9.395%. The remaining 105,900 are voted directly by the clients for whose accounts they were acquired. Thus, if 10% voting power is the sole basis for PIM's affiliation with APCapital and its subsidiaries, then no affiliation exists at this time. Even if PIM acquires additional shares as requested in its pending Request for Form A Exemption, we do not believe that it is the intent or furthers the purposes of the Michigan Insurance Holding Company Act to treat PIM and APCapital as affiliates and to require registration, reporting and disclosures on Form B and otherwise with respect to PIM when control or intent to control the management or operations of the subject insurer is not involved.

7. All shares of APCapital stock acquired or to be acquired by PIM were and are to be acquired solely for and on behalf of its investment advisory clients. Such shares are held, and will be

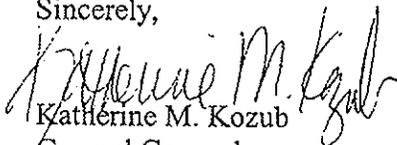
held, solely for investment purposes and not for the purpose of seeking to manage or direct the business activities of APCapital or engage in the business of making insurance.

8. PIM is in the process of preparing for filing under Regulation 13D-G of the Securities Exchange Act of 1934, a Schedule 13G with respect to the APCapital securities it has acquired to date. In order to be eligible to make this filing, PIM must have acquired such securities in the ordinary course of its business and not with the purpose nor with the effect of changing or influencing the control of APCapital, nor in connection with or as a participant in any transaction having such purpose or effect. PIM intends to make this filing and certify to the above on or before February 14, 2002, which is the statutory due date for such filing.

8. Neither PIM nor, to PIM's knowledge, any of its clients, has representation on the Boards of Directors of APCapital, APA, APSpecialty or ICA, and PIM does not contemplate seeking such representation at any time in the foreseeable future.

Based on the above facts, we respectfully request that you allow this disclaimer of affiliation and approve this petition. Please respond directly to the undersigned in this matter, with copies to Ann Storberg and Jane Chorley at APCapital. If you have any questions or require further information in advance of issuing your decision, please feel free to contact the undersigned at 212-583-1291 or kozub@pzena.com.

Sincerely,



Katherine M. Kozub

General Counsel

Director of Compliance

cc: Ann Storberg, APCapital  
Jane P. Chorley, APCapital  
Richard S. Pzena, PIM