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

Filed with the insurance department of Wisconsin

September __, 2004

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ITEM 1

INSURER AND METHOD OF ACQUISITION

Name and address of the domestic Insurer to which this application relates:

Physicians Insurance Company of Wisconsin, Inc.
1002 Deming Way
P.O. Box 45650
Madison, WI 53717-5650
(608) 831-8331

Control of the above Insurer will be acquired pursuant to a Stock Purchase Agreement through which the Applicant, American Physicians Assurance Corporation, will purchase from five (5) current shareholders ("Selling Shareholders") 4,450 shares of common stock in Physicians Insurance Company of Wisconsin, Inc., at a purchase price of $3,800 per share. After consummation of this purchase, Applicant will own approximately 22.7%[1] of the outstanding shares of the Insurer. All purchases of stock will be made in cash.

The terms of this transaction are set forth in the Stock Purchase Agreement between the Applicant and shareholders of Physicians Insurance Company of Wisconsin, Inc. The Stock Purchase Agreement is attached as Appendix A. The obligation of the Applicant and the shareholders to consummate the transactions contemplated by the Share Purchase Agreement is conditioned upon prior approval of this Form A filing or other effective approval by the Wisconsin Commissioner of Insurance. *See* Sections 5.1(d) and 5.2(d) of the Stock Purchase Agreement, Appendix A.

[1] See Item 5 below regarding the possible purchase of 332 additional shares.

ITEM 2

IDENTITY AND BACKGROUND OF THE APPLICANT

(a) Name and address of the Applicant:

American Physicians Assurance Corporation
1301 North Hagadorn Road
P.O. Box 1471
East Lansing, MI 48826-1471

(b) The Applicant is a Michigan domiciled insurance company, and is a leading provider of professional liability insurance coverage to individual physicians, single and multi-specialty physician groups, and a range of physician and health care organizations. The company's mission is to assist health care professionals in understanding and managing risk. To provide sufficient information to the Commissioner, the Applicant is providing information regarding the formation of the company, its current business operations, and its plans for the future.

Background Regarding American Physicians Assurance Corporation

American Physicians Assurance Corporation ("APA" or "Applicant") was formed in June 1975 under the sponsorship of the Michigan State Medical Society in response to a medical professional liability insurance crisis in Michigan. APA was originally named Michigan Physicians Mutual Liability Company. By 1981, APA insured more physicians than any other insurer in the State of Michigan, a distinction it maintains today. APA recognizes that it is critical to the success of the company to maintain an excellent working relationship with the physicians that it insures by offering competitive pricing, high quality claims service, and regularly interfacing with members of the profession in a variety of ways. APA continues to maintain its close working relationship with the Michigan State Medical Society ("MSMS"), and works to ensure that the needs of its policyholders are appropriately evaluated and addressed in the operation of the business.

As APA's asset size grew, it began expanding geographically. In 1995, APA began to write medical professional liability coverage in Illinois. In April 1996, it began writing professional liability insurance in Wisconsin, primarily writing business that was located near Wisconsin's border with Illinois. In 1996, APA acquired Louisville-based Kentucky Medical Insurance Company. In 1997, APA merged with the New Mexico Physicians Mutual Liability Company in Albuquerque. To reflect its enhanced geographic scope, the company changed its name to Mutual Insurance Corporation of America in late 1998.

After the merger with the New Mexico Physicians Mutual Liability Company ("New Mexico Physicians"), APA determined that it was important to maintain a strong presence in the State of New Mexico so that the merger was seamless from the perspective of New Mexico Physicians' policyholders. To accomplish this, the directors of New Mexico Physicians (who were primarily physicians) were asked to serve on an advisory board of directors to provide regular input to APA on the conditions in the New

Mexico market, the needs of the physicians, the current trends in marketing, underwriting and claims, and issues on which physicians were interested in continuing their education, such as risk management. This strategy of business continuity and maintaining a close relationship with the New Mexico Medical Society, our chief marketing arm in the State, has been highly successful from the perspective of both APA and the New Mexico policyholders.

On December 13, 2000, the Applicant successfully converted from a mutual insurance company to a stock insurance company, and changed its name to American Physicians Assurance Corporation. At that time, it became a wholly-owned subsidiary of American Physicians Capital, Inc., a publicly owned insurance holding company, which trades on the Nasdaq National Market under the ticker symbol "ACAP." Today, APA remains the largest operating subsidiary within the ACAP group of companies.

APA's Medical Professional Liability Business

Products and Services. We underwrite medical professional liability coverage for physicians, their corporations, medical groups, clinics and ancillary healthcare providers. We offer claims-made coverage in all states in which we write business, with the exception of New Mexico, and occurrence policies in a limited number of states. Our policies include coverage for the cost of defending claims. We offer extended reporting endorsements ("tails") on claims made policies to cover claims reported after the policy expires. Although we generate a majority of our premiums from individual and small group practices, we also insure several major physician groups as well as two hospitals. We also have a separate excess and surplus lines company, APSpecialty, to provide coverage on a limited basis in select states to physicians that are part of a group practice who do not meet our standard underwriting criteria. APSpecialty is a wholly-owned subsidiary of APA.

We offer separate policy forms for physicians who are sole practioners and for those who practice as part of a medical group or clinic. The policy issued to sole practioners includes coverage for professional liability that arises from the medical practice. The medical professional insurance for sole practitioners and for medical groups provides protection against the legal liability of the insureds for injuries caused by or as a result of the performance of patient treatment, failure to treat, failure to diagnose and related types of malpractice. We offer two types of policies for medical groups or clinics. Under the first policy type, both the individual physicians and the group share the same set of policy limits. Under the second group policy type, the individual physicians and the group or clinic each purchase separate policy limits. At June 30, 2004, we insured approximately 10,000 physicians in 12 states, with a concentration in our core Midwestern states of Michigan, Ohio, Illinois and Indiana, as well as Kentucky and New Mexico. The Company has withdrawn from Florida and is in the process of exiting Nevada.

Marketing. Our marketing philosophy is to sell profitable business in our core states, using a focused, multi-channeled cost-effective distribution system as follows: In 2003, our captive agents generated 42% of our premiums, independent agents generated 48%, and we produced 10% of premiums on a direct basis without agent involvement. In addition to our agency force, we have built our sales and marketing efforts around several strategic business alliances. These alliances include medical society endorsements, purchasing group programs and other marketing alliances.

Our medical professional liability product line is marketed through approximately 50 agents in 10 states, with one strategic partner, SCW Agency Group, Inc. and its wholly owned subsidiary, Kentucky Medical Agency, accounting for approximately 38% of medical professional liability direct premiums written during 2003. The vast majority of our remaining agents are independent agents. Due to the highly specialized nature of medical professional liability insurance, we are working to build a controlled distribution system to increase the percentage of our business that is produced through captive agents, which protects the company and makes us less vulnerable to changes in market conditions. We also work with financially sound agencies that focus on this line in targeted geographic areas. Our top ten agencies produced $131.9 million of direct premiums written, or 67% of total premium writings in 2003.

The Michigan State Medical Society has endorsed APA as its exclusive professional liability carrier of choice for 28 years. We renewed our exclusive strategic partnership with MSMS through December 2006, in which we compensate MSMS for marketing our professional medical liability products to MSMS members. American Physicians is also endorsed by the Michigan Osteopathic Association, the New Mexico Medical Society, several specialty societies and numerous physician organizations.

Underwriting and Pricing. Most of our initial underwriting work and customer contact is performed through a centralized process based in our home office. The home office underwriting department has final responsibility for the issuance, establishment and implementation of underwriting standards for all of our underwritten coverages, except for New Mexico, where the New Mexico branch conducts its own underwriting. The local office underwriting staff have the authority to evaluate, approve and issue medical professional liability coverage for individual providers and medical groups with annual premiums that do not exceed present threshold amounts or guidelines imposed by the home office.

Through our management and actuarial staff, we regularly establish rates and rating classifications for our physician and medical group insureds based on the loss and loss adjustment expense, or LAE, experience we have developed over the past 28 years, and the loss and LAE experience for the entire market. We have various rating classifications based on practice location, medical specialty and other liability factors. We have various rating classifications based on practice location, medical specialty and other liability factors. We also utilize various discounts, such as claim-free credits, to encourage low risk physicians to insure with APA.

Reinsurance. In accordance with industry practice, we cede to other insurance companies some of the potential liability under insurance policies we have underwritten. This reinsurance helps us reduce our net liability on individual risks, stabilize our underwriting results and increase our underwriting capacity. However, if the reinsurer fails to meet its obligations, we remain liable for policyholder obligations. As payment for sharing a portion of our risk, we are also required to share a part of the premium we receive on the related policies. We determine the amount and scope of reinsurance coverage to purchase each year based upon an evaluation of the risks accepted, consultations with reinsurance brokers and a review of market conditions, including the availability and pricing of reinsurance. Our reinsurance arrangements are generally renegotiated annually.

Under our primary professional liability reinsurance contract, the portion of the policyholder premium ceded to the reinsurers is "swing-rated," or experience rated on a retrospective basis. This swing-rated contract is subject to a minimum and maximum premium range to be paid to the reinsurers in the future, depending upon the extent of losses actually paid by the reinsurers. We pay a provisional premium during the initial policy year. A liability is recorded to represent an estimate of net additional payments to be made to the reinsurers under the program, based on the level of loss and LAE reserves recorded. Our largest net insured amount on any medical professional liability risk is $650,000.

The following table identifies our principal reinsurers, their percentage participation in our aggregate reinsured risk based upon recoverable and their respective A.M. Best ratings as of December 31, 2003. The NR-3 rating for Gerling Global Reinsurance Corporation ("Gerling") indicates that A.M. Best's rating procedures are inapplicable, primarily due to the fact that Gerling's United States subsidiary is in run-off. The Gerling treaty was commuted during 2004, as discussed below. Other than the entities listed below, no single reinsurer's percentage participation in 2003 exceeded 5% of total amounts recoverable from reinsurers.

Reinsurer	**A.M. Best Rating**	**Amounts Recoverable From Reinsurers**	**2003 Total Ceded Premiums Written**	**% of 2003 Amounts Recoverable From Reinsurers**
		(Dollars in thousands)		
Hannover Ruckversicherungs	A	$34,348	$11,125	30.2%
Gerling Global Reinsurance Corporation	NR-3	17,528	1,860	15.4%
American Re-Insurance Company	A+	13,507	8,722	11.9
Transatlantic Reinsurance Company	A++	11,284	4,271	9.9%

We annually review the financial stability of all of our reinsurers. This review includes a ratings analysis of each reinsurer participating in a reinsurance contract. The Company commuted its ceded reinsurance treaties with Gerling in May 2004. The Company recognized the $13.5 million received from Gerling as a reduction of losses and loss adjustment expenses paid (thereby reducing losses and loss adjustment expenses incurred) in the current year. The Company also reduced its reinsurance recoverable from Gerling (thereby increasing losses and loss adjustment expenses incurred) to recognize the effect of releasing Gerling from its obligations under the treaties. The net effect of the commutation was an increase in losses and loss adjustment expenses of $4.4 million, partially offset by an $837,000 increase in net premiums earned.

Reserves: There is a detailed discussion of our reserving philosophy and the historical development of our reserves in the Form 10-K filed by the Applicant's parent company, ACAP, for the year ended December 31, 2003 attached as Appendix B. A copy of the most recent Form 10-Q, filed as of June 30, 2004, is also part of Appendix B. For additional historical information regarding the Company, our SEC filings are available through our web-site at www.acaponline.com. APA has carefully monitored its reserves as of the end of each quarter. APA's loss reserves were reviewed and certified by its independent auditors, Ernst & Young LLP, as of December 31, 2003, and March 31, 2004. APA is currently reserving at a level that exceeds E&Y's "select" amount for its reserves.

Regulatory Compliance. Our Form 10-K contains a review of our compliance with risk-based capital requirements and ISIS requirements. In 2004, AP Capital contributed $25 million and the capital stock of APSpecialty to APA to strengthen its statutory capital and surplus. APSpecialty became a wholly owned subsidiary of APA, further enhancing APA's balance sheet.

Investments. Our investment objectives are primarily to maximize current returns, in addition to generating long-term capital appreciation that can ultimately be converted to current income. Because interest rates have been at historic lows, this has reduced the overall yield on our investment portfolio; however, we remain at the top of our peer group in investment income returns. In 2003, we allocated approximately $50 million of our bond portfolio to high-yield securities as a way to potentially increase our yield in this low interest rate environment. At the time, management and the investment committee felt that the return offered by the high-yield securities outweighed the associated credit risk. However, since that time, the spreads on these high-yield securities began decreasing, and reached a point where management no longer believed that the benefit outweighed the risks of these investments. As a consequence, in the first and second quarters of 2004, APA liquidated these high-yield securities, for a total pre-tax gain of $1.6 million, of which $460,000 was recognized in the second quarter. In addition, APA sold the majority of its other lower-investment grade securities for a gain of $2.6 million. These gains were offset by a write down of real estate investments and the write-off of previously capitalized system software costs. Liquidating these investments also released some of the unrealized gains in our investment portfolio, against which our tax loss carry-forwards could be applied.

Investment income was $12.3 million in the second quarter of 2004, an increase of $1.9 million from the second quarter of 2003. Through June 30, 2004, year-to-date investment income was $25.5 million, up $4.7 million from the first half of 2003.

APA continues to pursue its objective of maximizing returns and generating long-term capital appreciation, while maintaining safety of capital, with an emphasis on adequate liquidity for our insurance operations. All of our investment securities are classified as available-for-sale in accordance with Statement of Financial Accounting Standards No. 115. As of December 31, 2003, 91.5% of our fixed income investment portfolio, which consisted of fixed-income securities and short-term investments, was investment grade. The majority of our fixed-income portfolio is managed by one of our subsidiaries.

Workers' Compensation and Health Insurance Lines

In late 2003, APA made the decision to exit the workers' compensation and health insurance lines so that it could focus on its core business. Our exit from the workers' compensation market will help to provide capital to support our premium rate increases on our medical malpractice business. We have notified all states of our intention to non-renew policies. APA has limited premium writings in the first and second quarter of 2004 as a result of the notification periods in the various states in which we wrote business. We have reduced our workers' compensation staff and centralized claims processing in our Louisville, Kentucky office.

Management also executed a strategy to exit the health insurance market, and began non-renewing this business starting on July 1, 2004. We will continue to have limited premium writings throughout 2004 and possibly into 2005 as we complete our exit from this line of business.

Refocusing On Our Core Business

The management and operating philosophy of APA has changed dramatically over the last two years. As detailed in our SEC filings that are contained in Appendix B, during 2003, APA increased its prior year loss and LAE reserves by approximately $43 million. The 2003 accident year loss ratio for our medical malpractice business was approximately 97%. This prior year development had an adverse impact on APA's statutory capital and surplus, which decreased $50.2 million from $163.5 million at December 31, 2002 to $113.3 million at December 31, 2003. As noted above, this surplus decline in 2003 was offset by a $25 million capital contribution from APCapital, and the transfer of the capital stock of APSpecialty to APA (adding approximately $20 million to APA's surplus with essentially no additional premium writings). In addition, through June 30, 2004 APA has generated $11.9 million of statutory income and a $15 million positive change in nonadmitted assets/deferred taxes. As a result, APA's statutory surplus was $185.5 million at June 30, 2004.

Much of the adverse development in 2003 occurred in states that were relatively new to APA, such as Florida, or states where tort reform has not been passed and the markets remain volatile.

The positive results of 2004 demonstrate that the fundamental changes undertaken by new management and by the new operating philosophy are having an impact. Since the fall of 2001, APA has worked to increase rates where actuarially justified, improve underwriting and enhance controls. Overall, APA has become more conservative and focused on its core business, eliminating unnecessary distractions from its medical malpractice line. We believe these recent changes have resulted in a significant improvement in the operating results of APA and AP Capital, and improved the quality of our book of business, and more adequately priced our market. APA intends to continue to focus on the Great Lakes region, with Michigan, Illinois and Ohio being our largest markets, and we will also focus on New Mexico and Kentucky. We continue to monitor the Ohio and Kentucky markets closely, and have reduced premium writings in Kentucky. Overall, we anticipate minor growth in the number of insured physicians; however, through rate increases, we expect that premiums will grow at approximately 10-15% annually over the next three years.

Some of the more significant actions we took to reduce our loss exposure and to exit unprofitable markets include the following:

Florida: We announced our exit from Florida in December 2002. Our 2003 direct premiums written were only $6.9 million, compared to $23.7 million in 2002. We do not anticipate any significant premium writings in 2004 or beyond. In 2002, prior to our exit from the market, we took significant rate increases of 34.3% in April 2002, and 19.0% in December 2002.

Ohio: We discontinued writing occurrence-based policies in 2003, and reduced our average policy limit from $2.8 million in 2002 to $1.3 million in 2003. Our maximum policy limit has decreased from $10 million to $2 million, with $1 million limits written in high severity areas and specialties. We terminated several agency relationships that had produced poor business. We installed a stringent new business moratorium in 10 northeastern counties and several high-risk specialties. Our insured physician count decreased to 1,478 at December 31, 2003 from 1,794 at December 31, 2001. We also implemented major rate increases that reflected the loss ratio and the inadequacy of pricing during the soft market. These included an increase of 29% as of January 1, 2002, an increase of 37.3% as of January 1, 2003, an increase of 9.1% as of July 1, 2003, and a 23% increase as of November 1, 2003.

Kentucky: We discontinued writing occurrence-based policies in 2003 and restricted writings of high risk specialties. The average policy limits were reduced from $2.1 million to $1.4 million. Our maximum policy limit has decreased from $10 million to $2 million, with $1 million limits written in high severity areas and specialties. Through stricter underwriting, we reduced insured physician count from 2,035 to 1,211 at December 31, 2003. We also implemented major rate increases, as follows: January 1, 2002, 20.1%, January 1, 2003, 15.1% and January 1, 2004, 21.1%.

Other States: We are in the process of exiting the Nevada market, where we determined that we cannot operate profitably. We have implemented significant rate increases in the State of Illinois, raising rates 15.0% as of April 1, 2002, 24.1% as of October 1, 2002, 30% as of April 1, 2003 and 42.5% as of April 1, 2004. We have taken only modest rate increases in Michigan and New Mexico. In those states, like Wisconsin, tort reform has been implemented and the markets demonstrate long-term stability. APA is also reducing its writings of alternative-risk-transfer programs, preferring to concentrate instead on its core business.

Results of APA's Actions

APA is pleased with the progress it has made in returning to profitability. In the first half of 2004, APA has reported $11.5 million in statutory net income, the company's best performance since it went public. The claims and revenue data suggest that the recovery should continue in a positive manner. For example, during the first half of 2004, net premiums earned were up $5.2 million in the second quarter of 2004, or 13.5% compared to the second quarter of 2003 and up $8.2 million, or 10.5% year-to-date. The increase in premiums was the result of the Company's rate increases in all markets, partially offset by APA's exit from the Florida market and the reduced physician count in Kentucky and Ohio. At June 30, 2004, the insured physician count totaled approximately 10,000, which is down 4.1% from December 31, 2003.

The loss ratio in the second quarter of 2004 was 83.3%, and 87.2% year-to-date. Both are down from 97.7% in the second quarter of 2003 and 101.0% year-to-date in 2003. The improved loss ratio was a direct result of the rate increases taken by the Company, exiting Florida and certain occurrence-based markets, as well as the reduction in the number of claims due to stricter underwriting standards that are now in place.

APA's reported claim count for the second quarter of 2004 dropped 13% from the first quarter of 2004, and 34% from 2003's second quarter, and totaled only 459 reported claims in the second quarter of 2004. Paid severity in the second quarter of 2004 remained relatively stable at $61,000 per closed claim. APA continued to strengthen its reserves in the second quarter, with average net case reserves per open claim of $100,100, an increase of 25.4% from the second quarter of 2003. In addition, incurred but not reported claims reserves were effectively increased $7.7 million during the second quarter of 2004 after the impact of the Gerling commutation and certain other accounting adjustments.

Claims have continued to decrease each month during 2004. APA added claims adjusters to its professional liability line in order to decrease the average number of claims handled by each adjuster. APA believes that reducing the number of claims handled by each adjuster results in a more aggressive defense of claims, and provides long-term benefits to the policyholders and to the company. The open claim counts have dropped in response to the addition of the adjusters and fewer claims being reported. At year end 2000, the average number of open claims was approximately 4,700, and climbed to 4,900 by year end 2002. As of the second quarter of 2004, the open claim count decreased to approximately 3,900.

APA is well-positioned to pay its claims (reported and not reported), as well as any increased severity associated with those claims.

The Applicant maintains a B+ (Very Good) rating from A.M. Best. While the Applicant was downgraded from A- following an adjustment of its loss reserves as of September

30, 2003, the Applicant and its affiliates have shown a profit for each of the quarters after the third quarter adjustment. The Applicant anticipates that A.M. Best will revisit its rating upon completion of the 2004 calendar year, as the Applicant expects to be able to demonstrate a pattern of profitability by that date. For a more complete description of the third-quarter loss adjustment and the resulting actions taken by the Applicant to address the situation, please refer to the attached Forms 10-K and 10-Q.

Despite the downgrade, new business remains strong and the company's retention is high. APA anticipates that it will become more profitable in 2005 and 2006 as the prior year rate increases become effective and earned.

The Current Management Team

The officers and directors of the Applicant have extensive experience in the insurance and medical arenas. APA's president and chief executive officer, R. Kevin Clinton, has over 20 years of experience in professional liability insurance, joining APA in September 2001. Since June 2002, Mr. Clinton has served as president of APA, and effective January 1, 2004, was appointed president and chief executive officer of the holding company, ACAP, and became a director of that company in August 2004. Mr. Clinton was previously the President and Chief Executive Officer of MEEMIC Holdings, Inc., an insurance holding company, and its subsidiary, MEEMIC Insurance Company, a property and casualty personal lines carrier. He also served as the Chief Financial Officer for ProNational Insurance Company, a professional liability insurer domiciled in Michigan. Mr. Clinton is a Fellow of the Casualty Actuarial Society, and previously served as the Chief Actuary for the Michigan Insurance Bureau.

The chief financial officer of APA is Mr. Frank Freund, who joined the company in September 1997. Prior to joining APA, Mr. Freund practiced with Deloitte & Touche LLP, serving as an audit senior manager in that firm's insurance and health care business assurance services group. Mr. Freund is also an executive vice president, treasurer and chief financial officer of ACAP.

The chief operating officer of the Applicant, Annette Flood, also has significant experience in the professional liability insurance area, previously working as a senior vice president, corporate secretary and legal counsel of ProNational Insurance Company, a subsidiary of Professionals Group, Inc. from 1992 to 2000. Ms. Flood served as secretary and a director of MEEMIC Holdings, Inc. from 1998 to July 2001, an insurance holding company for a property and casualty insurance company, and formerly served as the chief operating officer of MEEMIC Insurance Company.

Other than Mr. Clinton, the directors of the Applicant are licensed physicians (although some have retired from the practice of medicine), and therefore are in a unique position to understand the interests of medical malpractice insurance policyholders. It is critical for APA to retain its excellent relationship with Michigan's physicians through its relationship with MSMS, and the ability to obtain direct input from the physicians that it insures.

Four of the nine the directors of ACAP are also licensed physicians, understanding the needs of today's physicians. The Board of ACAP also includes Lloyd Schwartz, a retired audit partner from Coopers & Lybrand (now PriceWaterhouseCoopers LLP), D. Joseph Olson, a former Insurance Commissioner for the State of Michigan, Mr. Clinton, and two directors from the investment community, Daniel Gorman and Spencer Schneider. This structure continues to provide critical physician input to the operation of the holding company, as well as its subsidiaries.

The Outside Consultants

PriceWaterhouseCoopers LLP are the independent auditors for AP Capital and its subsidiaries. Loss reserves are independently reviewed and opined on by Ernst & Young, LLP.

The Wisconsin Market

APA is licensed to transact business in the State of Wisconsin, and as of the year ended December 31, 2003, its market share in the Wisconsin medical malpractice insurance line was 0.2%. APA primarily writes insurance for physicians who are located near the border with Illinois, or whose practices are conducted in both states. On the other hand, Physicians Insurance Company of Wisconsin ("PIC-Wisconsin") was the leading writer in the market as of December 31, 2003. *See* Appendix C, Wisconsin Market Shares 2003 for Medical Malpractice. APA believes PIC-Wisconsin's market share among physicians is even higher, much like APA's market share in Michigan. Because APA's market share is so low in Wisconsin, the proposed transaction will not have a material impact on the level of competition among professional liability insurers in the State.

APA's Interest in PIC-Wisconsin

The management of APA has known the management of PIC-Wisconsin for a number of years~~,~~ and believes in the integrity and competence of that management. As a result, APA believes that PIC-Wisconsin has made sound business decisions that will be reflected in its operating results. As a reflection of APA's confidence in those business activities, APA does not intend to make any material changes to the business operations of PIC-Wisconsin, or any material changes to its management team. In the event that PIC-Wisconsin fails to continue to make sound business decisions that are reflected in its operating results, such that material changes in the operations appear necessary (an event that APA does not anticipate), APA would obtain the approval of the Commissioner before seeking any material changes.

The historical development of PIC-Wisconsin is very similar to that of APA. Like APA, PIC-Wisconsin was formed through the sponsorship of the State's medical society during a time when the professional liability insurance market was in crisis. Both companies continue to emphasize a close working relationship with the State's medical society, and APA believes that PIC-Wisconsin must continue to emphasize and develop its relationship with the Wisconsin Medical Society to flourish. Both companies are likely to benefit if they can share information gleaned from their close working relationships with the physicians of Wisconsin, Michigan and New Mexico. While these physicians are located in different geographic markets, they have similar concerns, share an interest in the same issues, and seek to purchase similar products. Furthermore, PIC-Wisconsin has expanded its geographic reach beyond Wisconsin, and now has policyholders located in a number of other states, like APA, and the two companies can learn from each other regarding such expansions and markets.

APA is interested in the proposed transaction for investment purposes. APA believes that its ownership interest in PIC-Wisconsin will appreciate over time, an appreciation that will add value to APA's statutory financials. In the event that APA expands its ownership interest in PIC-Wisconsin at some future date, the expansion would further APA's goal of concentrating on its core business in Midwest states. APA believes that Wisconsin has made great strides in making the State a good place to conduct business as a result of its tort reform, and that the professional liability insurance market should remain relatively stable. APA prefers a conservative business plan that allows it to enter only stable markets for professional liability insurance, and to acquire interests in companies that have similar operating approaches and philosophies, and good working relationships with the medical societies that represent its customer base.

(c) An organizational chart of the Applicant and its Affiliates is attached as Appendix D.

The Applicant is a wholly-owned subsidiary of American Physicians Capital, Inc. The Applicant owns 100% of the shares of AP Specialty Insurance Corporation, 33% of the shares of Michigan Medical Advantage, Inc.; 50% of the shares of Professional Credential Verification Services, Inc.; 100% of the shares of Todd Fisher Properties, LLC; and 49% of the shares of Physicians Insurance Company (a Florida corporation, unrelated to PIC-Wisconsin).

No court proceedings involving a reorganization or liquidation are pending with respect to any entity that appears on the organizational chart.

ITEM 3

IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

The Applicant is not an individual. All voting securities of the Applicant are owned by American Physicians Capital, Inc., as demonstrated by the organizational chart attached as Appendix D.

The following persons are directors of the Applicant:

Richard Kevin Clinton, Director

(a) 1301 N. Hagadorn Road
East Lansing, MI 48826

(b) President, Chief Executive Officer and Director of American Physicians Capital, Inc.

President, Chief Executive Officer and Director of American Physicians Assurance Corporation

Director of APSpecialty Insurance Corporation

Director of Insurance Corporation of America

1301 N. Hagadorn Road
East Lansing, MI 48826

(c) August 2004 to present: Director of ACAP

January 1, 2004 to present: President and CEO, ACAP; President and CEO, APA

June 2002 to October 2002: President, CEO and COO, APA

Director, APSpecialty Insurance Corporation and Insurance Corporation of America

October 2001 to June 2002: CEO and Sr. Vice President of APA

1997 to July 2001: President, CEO and Director, MEEMIC Holdings, Inc., a subsidiary of ProNational Insurance Company. MEEMIC Holdings, Inc. is an insurance holding company for MEEMIC Insurance Company of Auburn Hills, Michigan. MEEMIC Insurance Company writes personal lines insurance, primarily in Michigan.

Fellow of the Casualty Actuarial Society, 1982 to present

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

Dr. John William Hall, Director

(a) Northern Michigan Urology
560 W. Mitchell, Suite 125
Petoskey, MI 49770

(b) Urologist
John Hall, M.D., P.C.
Northern Michigan Urology

(c) 1999 to present: John Hall, M.D.,P.C.
Urologist

1970 to 1999: Burns Clinic Medical Center
Urologist
560 W. Mitchell
Petoskey, MI 49770

Medical Doctor, license #02846, 1964

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

Dr. Stephen Henry Haynes, Director

(a) 2211 N. Martin Luther King Blvd
Clovis, New Mexico 88101

(b) General Surgeon/Practice
Private Practice
2211 N. Martin Luther King Blvd.
Clovis, New Mexico 88101

(c) Director of NM Regional

Physician, License # 82-61, 1982

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

Dr. William Bernard Monnig, Director

(a) 20 Medical Village Drive, No. 308, Edgewood, KY 41017

(b) Urologist
The Urology Group
20 Medical Village Drive, No. 308, Edgewood, KY 41017

(c) June 1974 to present: The Urology Group

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

Dr. Thomas Clarkson Payne, Director

(a) Retired

(b) Retired Radiologist

(c) 1962 to retirement 1994: Ingham Radiology Associates
President, M.D.
2909 E. Grand River
Lansing, MI 48912

Medical Doctor, State of Michigan, 1961

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

Dr. Mitchell Ayers Rinek, Director

(a) 1625 Ramblewood, #2, East Lansing, MI 48823

(b) Dermatologist
M.A. Rinek, M.D. P.C.
1625 Ramblewood, #2, East Lansing, MI 48823

(c) July 1978 to present: Dermatologist
M.A. Rinek, M.D. P.C.

Physician, State of Michigan

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

Dr. Dawn Ellen Springer, Director

(a) 230 Temple, Mason, MI 48854

(b) Family practice physician
230 Temple, Mason, MI 48854

(c) 1980 to present: Self-employed physician

Physician, State of Michigan, January 1978

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

Dr. Thomas Eugene Stone, Director

(a) Retired

(b) Retired Urologist

(c) 1968 to retirement in 1995: West Shore Urology
1560 E. Sherman Blvd
Muskegon, MI

Physicians, State of Michigan

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

The following persons are officers of the Applicant:

Richard Kevin Clinton, President and Chief Executive Officer

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) See above

(c) See above

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

Annette E. Flood, Secretary and Chief Operating Officer

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) Secretary, ACAP

Secretary and Chief Operating Officer of Applicant

Director of APSpecialty Insurance Corporation

Director of Insurance Corporation of America

Michigan-domiciled insurers
1301 N. Hagadorn Road, East Lansing, MI 48823

(c) August 2004, Secretary of ACAP

June 2002 to present: Chief Operating Officer, APA

October 2001 to June 2002: Vice President, APA, overseeing APA's medical professional liability operations.

1992 to 2000: Senior vice president, corporate secretary and legal counsel, ProNational Insurance Company, a Michigan domiciled professional liability insurer, Okemos, Michigan

1996 to 2000: Corporate secretary, Professionals Group, Inc., a holding company for ProNational Insurance Company

1998 to July 2001: Secretary and Director, MEEMIC Holdings, Inc., an insurance holding company for MEEMIC Insurance Company and now a wholly-owned subsidiary of ProNational Insurance Company.

1998 to July 2001: Chief Operating Officer, secretary and director, MEEMIC Insurance Company. MEEMIC Insurance Company writes personal lines insurance, primarily in the State of Michigan

Registered Nurse, State of Michigan, September 11, 1981

Attorney at Law, State of Michigan, November 1984

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

Frank H. Freund, Treasurer

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) Treasurer of APA

Chief Financial Officer, Treasurer, Executive Vice President of American Physicians Capital, Inc.

Director of APSpecialty Insurance Corporation

Director of Insurance Corporation of America

Director of Alpha Advisors, Inc.
Illinois Corporation, an investment advisor

Director of Physicians Insurance Corporation
Florida corporation providing professional liability insurance

(c) July 2000 to present: Chief Financial Officer, Treasurer, and Executive Vice President, ACAP

September 1997 to present: Chief Financial Officer, APA

Certified Public Accountant, State of Michigan, 1983

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

Laura A. Kline, Vice President, Marketing

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) Vice President, Marketing of Applicant
Michigan-domiciled Insurer
1301 N. Hagadorn Road, East Lansing, MI 48823

(c) January 2002 to present: Vice President, Marketing, APA

November 1999 to January 2002: Vice President, Marketing, American Physicians Consulting, LLC

2003: Chartered Property and Casualty Underwriter

1989: Certified Insurance Counselor

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

Kevin M. Dyke, Vice President and Chief Actuary

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) Vice President and Chief Actuary of Applicant
Michigan-domiciled Insurer
1301 N. Hagadorn Road, East Lansing, MI 48823

(c) January 2004 to present: Vice-President and Chief Actuary, APA

November 2002 to December 2003: Chief Actuary, Professional Liability, APA

October 2001 to November 2002: Vice-President and actuary, pricing and program profitability, Meadowbrook Insurance Group. Meadowbrook Insurance Group is a property and casualty insurance company headquartered in Livonia, Michigan

July 2000 to September 2001: Assistant Vice-President and associate actuary, Meadowbrook Insurance Group

August 1998 to June 2000: associate actuary, Meadowbrook Insurance Group

Fellow, Casualty Actuarial Society, July 2000

Member, American Academy of Actuaries, September 1996

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

Nancy Fitzgerald, Vice President, Risk Management

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) Vice President, Risk Management of APA
Michigan-domiciled Insurer
1301 N. Hagadorn Road, East Lansing, MI 48823

(c) September 2002 to present: Vice President Risk Management of APA

December 2001 to September 2002- Manager Risk Management of APA

1995 to 2001: ProNational Insurance Company – Risk Consultant

Licensed practical nurse, State of Michigan, 1966

Certified Professional Health Care Quality - 1993

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

Rhonda J. Fossitt, Vice President, Underwriting

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) Vice President, Underwriting of APA
Michigan-domiciled insurer
1301 N. Hagadorn Road, East Lansing, MI 48823

(c) January 2002 to present: Vice President, Professional Lines Underwriting, APA

1996 to 2001: Director of Underwriting, ProNational Insurance Company, a professional liability insurance company in Okemos, Michigan

1987: Chartered Property and Casualty Underwriter

1999: Registered Professional Liability Underwriter

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

<u>The following persons are Directors of American Physicians Capital, Inc</u>.

Dr. Billy Ben Baumann

(a) Retired

(b) 1998 to present: Retired physician

(c) 1971 to 1998: Self-employed Pathologist
416 Huron Drive
Pontiac, MI

1988 to 2002: Director of APA

2000 to present: Director of ACAP

1982 to 2000: Director, Michigan State Medical Society

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

Richard Kevin Clinton, President and Chief Executive Officer

(a) 1301 N. Hagadorn Road, East Lansing, MI 48823

(b) See above

(c) See above

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

Dr. Thomas Berglund, Chairman of the Board

(a) 7901 Angling Road, Suite B201
Portage, MI 49024

(b) Physician with Portage Physicians
7901 Angling Road, Suite B201
Portage, MI 49024

(c) 1961 to present: Portage Physicians

Medical Doctor, license # 023825, State of Michigan

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

Dr. Myron Richard Emerick

(a) 35103 Silvano, Clinton Township, MI 48035

(b) Self-employed physician
35103 Silvano, Clinton Township, MI

(c) 1966 to present: self-employed physician

Osteopathic Doctor, license #5502, State of Michigan

1985 to 2000: Director of APA

2000 to present: Director of ACAP

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

Daniel L. Gorman

(a) 71 State Street
Binghamton, NY 13901

(b) Attorney, private practice
Law Offices of Daniel L. Gorman
71 State Street
Binghamton, NY 13901

(c) 1977 to present: Law Offices of Daniel L. Gorman
Attorney, private practice

Attorney, state of New York

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

Dr. AppaRao Mukkamala

(a) One Hurley Plaza, Flint, MI

(b) Associated Radiology of Flint, P.C.
One Hurley Plaza
Flint, MI

(c) 1990 to present: Associated Radiology of Flint, P.C.
Physician, president

Treasurer, Michigan State Medical Society

1997 to present: Director, Michigan State Medical Society

1993 to 2002: Director, APA

2000 to present: Director, APC

Medical Doctor, State of Michigan

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

D. Joseph Olson

(a) Amerisure Insurance Companies
26777 Halsted Road
Farmington Hills, MI 49331

(b) Senior Vice-President and Counsel, Government Relations
Amerisure Insurance Companies
26777 Halsted Road
Farmington Hills, MI 49331

(c) 2001 to present: Senior Vice President and Counsel, Government Relations
Amerisure Insurance Companies

1997 to 2001: Senior Vice President and General Counsel, Government Relations
Amerisure Insurance Companies

1995 to 1997: Insurance Commissioner, State of Michigan

Board of Directors, Michigan Property & Casualty Guaranty Association

Board of Directors, Michigan Automobile Insurance Placement Facility

Chairman of the Macinac Center, 1987-1995, 1997 to present

Board of Governors Foundation, 1986 to present

Director, Michigan Chamber of Commerce, 1984-1993, 1994-95, 1987-2003

Admitted to Michigan and Texas state bars

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

Spencer Lee Schneider

(a) 145 Hudson Street, New York, NY 10013

(b) Attorney, self-employed
145 Hudson Street, New York, NY 10013

(c) 1992 to present: Self-employed attorney

145 Hudson Street, New York, NY 10013

Member of the New York State Bar, 1986

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

Lloyd Andrew Schwartz

(a) 7035 Orchard Lake Road, Suite 350
West Bloomfield, MI

(b) Retired Accountant
7035 Orchard Lake Road, Suite 350
West Bloomfield, MI

(c) 1990 to 1997: Franklin Finance Corporation
Director
Michigan

1956-1990: Coopers & Lybrand
Partner
Detroit, MI

2000 to present: APC Director

1991 to present: Technical reviewer, Michigan Association of Certified Public Accountants Peer Review Programs

Certified Public Accountants

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

<u>The following are executive officers of American Physicians Capital, Inc.:</u>

R. Kevin Clinton, Frank H. Freund, Annette E. Flood and Laura Kline, all described above.

ITEM 4

NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) The consideration paid by the Applicant will be cash currently held by the Applicant as part of its general assets. The Applicant will not borrow any funds to obtain cash needed to effectuate the purchase of the shares of the Insurer pursuant to the Stock Purchase Agreement, attached as Appendix A.

(b) The purchase price per share is the product of active negotiation between the Applicant and the Selling Shareholders of the Insurer. APA received a Request for Proposal dated July 23, 2004 from Edelman & Co, Ltd. ("Edelman"), a financial adviser to the Selling Shareholders of PIC-Wisconsin, seeking to sell their shares of PIC common stock. The Selling Shareholders hold a total of 4,450 shares, approximately 22.7% of the total outstanding shares of PIC-Wisconsin as of December 31, 2003. The book value per share of PIC-Wisconsin according to its December 31, 2003 Annual Statement was approximately $3,890. After negotiation between the parties, APA agreed to purchase the shares at a price of $3,800 per share.[2]

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[2] This is also true with respect to the potential Selling Shareholder of 332 shares described below in Item 5.

ITEM 5

APPLICANT'S FUTURE PLANS FOR THE INSURER

The Applicant intends to hold its shares in Physicians Insurance Company of Wisconsin, Inc. for investment purposes. APA does not intend to solicit the purchase of additional shares, with one exception. APA is aware that one shareholder that was originally part of the group represented by Mr. Edelman desires to sell its shares on the same terms as set forth in the Stock Purchase Agreement. Applicant understands that the shareholder is a dissolved corporation that is currently unable to locate its stock certificates, representing approximately 332 shares. In the event that the shareholder is able to obtain replacement certificates and to demonstrate to Applicant its legal ownership of the shares and the legal authority of those purporting to act on the shareholder's behalf, APA intends to complete the acquisition of these 332 shares and seeks approval to do so on the same terms as set forth in the Stock Purchase Agreement.[3] The identity of the shareholder has not been disclosed to APA by Mr. Edelman.

APA intends to leave the operations of PIC-Wisconsin intact, without any material changes. APA has no current plans or proposals to liquidate PIC-Wisconsin, sell its assets, merge it with any person or make any other material change in its business or corporate structure. APA also does not plan or propose to change the management of PIC-Wisconsin. APA notes that as an investor, it is unlikely to have sufficient voting power to effectuate material changes on these issues. Even if APA does acquire such a level of voting power, however, its position on these issues is the same. It does not plan or propose any material changes to the management of the business or corporate structure of PIC-Wisconsin. In the event that in the future APA obtains voting power control (as opposed to the "control" as defined by the Wisconsin statutes and rules), and a material change appears appropriate, APA would obtain the approval of the Commissioner before making such a change.

APA may request representation on the Board of Directors so that it can monitor the business operations of PIC-Wisconsin and protect its investment in the company, but it has no current intention to do so. Nor does APA have any current plan or proposal to obtain a majority position on the Board of Directors. APA does not seek a hostile relationship with current management or the current Board of Directors. As previously described, APA is aware of the abilities of senior management of PIC-Wisconsin, and does not propose any changes in that management. It is APA's understanding that most, if not all, the current directors of the Board are physicians. APA acknowledges that physicians are critical to PIC-Wisconsin's success, and therefore will work to develop a close working relationship with such physicians.

APA has no proposals or plans, or the voting control, to cause PIC-Wisconsin to declare any extraordinary dividends. APA's financial condition is such that it does not need funds from PIC-Wisconsin to support APA's operations, as this investment is relatively small compared to APA's asset size, and APA will not take any action to jeopardize the financial stability of PIC-

[3] If these 332 shares are purchased, APA's percentage of ownership of PIC-Wisconsin's common shares will increase to approximately 24%.

Wisconsin. APA understands the limitations upon companies in a holding company system to declare dividends, and will do nothing to cause PIC-Wisconsin to violate such limitations. APA notes, however, that the current shareholder value plan proposed by PIC-Wisconsin to its shareholders does contemplate the payment of dividends to certain of its shareholders in the amount of $200 per share.

APA's goal is to make the transition to its position as a shareholder of PIC-Wisconsin as seamless as possible. PIC-Wisconsin will continue to be located in Wisconsin, and the acquisition of these shares will not impact the daily operations of the company. APA has no plans or proposals to change the terms of the policies offered to Wisconsin policyholders. As a result, APA's position as a shareholder will not prejudice the interests of PIC-Wisconsin's policyholders, as it can continue to conduct business in the manner it currently plans.

Wisconsin physicians receive excess medical malpractice coverage from the Patients Compensation Fund. APA believes a close working relationship between the company and its reinsurers, whether commercial or government sponsored, is necessary for an efficiently run claims operation. APA currently works with similar funds in New Mexico and Indiana without difficulty.

APA believes that its ownership interest in PIC-Wisconsin will be beneficial to PIC-Wisconsin's shareholders for several reasons. First, unlike other potential acquirers in and outside the industry, APA does not intend to dismantle the company and its management. Second, APA has a significantly greater capital base than PIC-Wisconsin, and an ability to access the capital markets. As the Commissioner is aware, the professional liability line can be volatile, and poor loss reserve development can substantially impact a company's capital position. Because PIC-Wisconsin is not publicly traded like ACAP, it has an extremely limited ability to access the capital markets, and cannot use its shares effectively as a form of consideration in a transaction. As a strategic partner, ACAP and APA enhance PIC-Wisconsin's ability to address adverse operating results through an additional investment in the company. Third, as a knowledgeable shareholder regarding the industry, APA can provide assistance to PIC-Wisconsin as it evaluates new business opportunities and risks. APA understands the business, and the dangers of overexpansion or expansion in a soft market. Fourth, the two companies approach the business using very similar business practices, emphasizing a close relationship with physicians and the medical societies. APA and PIC-Wisconsin are market leaders at forming such relationships and capitalizing on those relationships to the mutual benefit of all parties.

After the consummation of the transaction described in Appendix A, the Applicant intends to evaluate the potential purchase of additional shares on an opportunistic basis (other than the 332 shares identified previously). Although APA does not currently plan to solicit the acquisition of those shares, APA believes that its presence as a shareholder creates a potential market for the shareholders of PIC-Wisconsin who do not have a public market for the sale of their shares. In the event that it is approached regarding the purchase of additional shares, APA intends to consider those offers individually, analyzing (1) the number of shares involved, (2) the proposed price for the shares, (3) APA's financial condition at the time and its ability to invest additional funds, (4) the stability of PIC-Wisconsin's business activities, and (5) additional due diligence pertaining to PIC-Wisconsin's business.

The Applicant is aware that PIC-Wisconsin has proposed a shareholder value plan (the "SVP"), which the Insurer recently amended for the purpose of decreasing the voting rights of minority shareholders. A copy of the SVP is attached as Appendix E. The discussion below regarding the SVP is based on information distributed to Insurer's shareholders by Insurer. The Applicant is not able to independently verify whether the information provided by the Insurer is correct.

The Applicant understands that a vote of the shareholders on the terms of the SVP is scheduled for October 21, 2004. Pursuant to the SVP, PIC-Wisconsin would create a new class of preferred stock, called "Series A Cumulative Preferred." These shares would have a face value of $2,200, would pay dividends at a rate of 4% per year ($88 per share), and generally would be entitled to one-half of a vote per share (unless dividends are more than 90 days in arrears). The SVP also contemplates the creation of a new Class C Common Stock, shares of which would be issued by the Insurer into a voting trust (the "Trust") to be voted in the interests of Wisconsin physician policyholders. The shares of Class C Common Stock would have no economic rights, would be transferable only to the Insurer, would be entitled to one vote per share and would generally vote together with the Class A Common Stock (into which the currently outstanding common shares will be converted if not otherwise redeemed or exchanged) as a single class.

Under the SVP, current shareholders of PIC-Wisconsin would be entitled to (a) retain their current common shares and receive a one-time $200 per share dividend, (b) exchange each share of common stock for one share of the newly-created Series A Cumulative Preferred stock, or (c) surrender their common shares for cash in the amount of $2,200 per share. PIC-Wisconsin's cash available to purchase shares of common stock is limited to $17 million, or a total of 7,727 shares at $2,200 per share. If necessary, the repurchase of stock will be determined on a pro rata basis for holders of more than 10 shares.

For each share of common stock that is surrendered to the Insurer for cash or exchanged for Series A Cumulative Preferred Stock pursuant to the SVP, and each share of Series A Cumulative Preferred that is subsequently redeemed by the Insurer, the Insurer will issue one share of Class C Common Stock to the Trust. The Insurer's materials do not indicate that any payment for the Class C Common shares is made by the Trust. The Trust will be administered by three trustees, all of whom must be physicians and at least one of whom must be a policyholder. The trustees may not be affiliated with any of the Insurer's directors, but will be nominated by the Insurer's board for election by the Insurer's policyholders (on a one vote per policyholder basis). Class C Common shares held by the Trust would be voted by the trustees on any matter presented to PIC-Wisconsin's shareholders in proportion to a preference vote of the policyholders. The proportion of the Class C Common shares for which no preference vote is received from the policyholders would be voted in the trustees' discretion so that all Class C Common shares are voted on all matters.

If a sufficient number of the currently outstanding shares is surrendered to the Insurer or exchanged for Series A Preferred shares, the Trust would be rebuttably presumed to have acquired control of the Issuer by virtue of having acquired more than 10% of the voting securities of the Insurer. See 600.03(13), Wisconsin Statutes. To Applicant's knowledge, neither the Trust nor the Insurer has yet filed the required Form A seeking approval of such transaction.

If the SVP is implemented, the Applicant's percentage ownership of PIC-Wisconsin's outstanding Class A Common shares will increase, as Applicant intends to retain its shares and not surrender them to the Insurer or exchange them for Series A Cumulative Preferred shares.

Other than the proposed SVP, PIC-Wisconsin has not, to Applicant's knowledge, stated that it has current plans to declare an extraordinary dividend, to liquidate, to sell its assets to or merge with any person or persons or to make any other material change in its business operations, corporate structure, or management, including its financial condition and standard policies issued to its insureds.

The Applicant currently intends to maintain its own presence in the Wisconsin medical malpractice insurance market, which as of December 31, 2003, represented approximately 0.2% of the market share. *See* Appendix C. APA's continued writings in Wisconsin may cease if it becomes the majority holder of the shares of PIC-Wisconsin at a future date. This would not impact the overall competition in the State for professional liability insurance, as APA's market share is so small. APA would be willing to stop its non-border business if the Commissioner views this as necessary for the approval of this Form A.

The Applicant is aware of Wis. Stat. § 611.57 and does not believe that the election or appointment of an APC officer or director to PIC-Wisconsin's board of directors would have the effect of lessening competition or that the two insurers would have adverse interests.

ITEM 6

VOTING SECURITIES TO BE ACQUIRED

Upon approval of this Form A filing, the Applicant will acquire 4,450 shares of the Insurer's voting securities at a price of $3,800 per share. No other Affiliate or person listed in Item 3 of this Form A will acquire shares of the Insurer's voting securities.

A copy of the Stock Purchase Agreement is attached as Appendix A. The fairness of the proposal is evidenced by active, arm's-length negotiation between the parties to the Stock Purchase Agreement, as further stated in Item 4(b) of this Form A.

If the stockholder value plan is approved and fully consummated by PIC-Wisconsin, the Applicant's percentage interest in PIC-Wisconsin's Class A common shares will increase from approximately 22.7% of the shares involved in this transaction. The Applicant also may seek to acquire additional shares in future transactions, as previously detailed in Item 5 above.

ITEM 7

OWNERSHIP OF VOTING SECURITIES

Apart from the potential ownership rights of the Applicant to stock in the Insurer created by the Stock Purchase Agreement attached as Appendix A and as described in Item 6, there is no beneficial ownership or a right to acquire beneficial ownership of any class of voting security of the Insurer by the Applicant, its Affiliates, or any person listed in Item 3. If the Applicant implements the shareholder value plan, the Applicant's ownership of the total outstanding Class A common shares will increase simply because of the proposed share repurchases by PIC-Wisconsin that are part of that plan.

ITEM 8

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

The Stock Purchase Agreement that gives rise to this application, attached as Appendix A, is the only contract, arrangement, or understanding with respect to any voting security of the Insurer in which the Applicant, its Affiliates, or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. As described previously, one additional shareholder holding approximately 332 shares is interested in consummating the same transaction with APA as outlined in the Stock Purchase Agreement, but is not yet able to do so. If the shareholder becomes able to sell its shares, APA intends to enter into an agreement to purchase those additional shares and seeks approval to do so on the same terms as set forth herein.

ITEM 9

RECENT PURCHASES OF VOTING SECURITIES

There have been no purchases of any voting securities of the Insurer by the Applicant, its Affiliates, nor any person listed in Item 3 during the 12 calendar months preceding the filing of this statement, or any prior period.

ITEM 10

RECENT RECOMMENDATIONS TO PURCHASE

There have been no recommendations to purchase any voting security of the Insurer made by the Applicant, its Affiliates, nor any person listed in Item 3, nor by anyone based upon interviews or at the suggestion of the Applicant, its Affiliates, nor any person listed in Item 3 during the 12 calendar months preceding the filing of this statement, or any prior period.

ITEM 11

AGREEMENTS WITH BROKER-DEALERS

The Applicant has not made an agreement, contract, or understanding with any broker-dealer as to solicitation of voting securities of the Insurer for tender.

ITEM 12

FINANCIAL STATEMENTS AND EXHIBITS

(a) The following exhibits are attached to this Form A filing:

Appendix A: Stock Purchase Agreement

Appendix B AP Capital's Form 10-K for the year ended December 31, 2003 and Form 10-Q for the quarter ended June 30, 2004.

Appendix C: Wisconsin Market Share 2003 for Medical Malpractice

Appendix D: Organizational Chart

Appendix E: Shareholder Value Plan

Appendix F: Annual Statements for Insurance Corporation of America

Appendix G: Audited Financials for Insurance Corporation of America

Appendix H: Annual Statements for APSpecialty Insurance Corporation

Appendix I: Audited Financials for APSpecialty Insurance Corporation

Appendix J: Audited Financials for American Physicians Capital, Inc.

(b) American Physicians Assurance Corporation is an admitted carrier in the State of Wisconsin. Accordingly, its annual statements are on file with the Insurance Department.

Appendix F contains the annual statements for the last five years for Insurance Corporation of America

Appendix G contains the audited financial statements for the last five years for Insurance Corporation of America

Appendix H contains the annual statements for the last five years for APSpecialty Insurance Corporation (formerly RML Insurance Company)

Appendix I contains the audited financial statements for the last five years for APSpeciaity Insurance Corporation (formerly RML Insurance Company)

Appendix J contains the audited financial statements for the last five years for American Physicians Capital, Inc.

(c) The only relevant agreement to acquire or exchange voting securities of the insurer is the Stock Purchase Agreement, attached as Appendix A.

ITEM 13

SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, AMERICAN PHYSICIANS ASSURANCE CORPORATION has caused this application to be duly signed on its behalf in the City of East Lansing, and State of Michigan on the ___ day of September, 2004.

AMERICAN PHYSICIANS ASSURANCE CORPORATION

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

Attest:

____

____
Title of Officer

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated September ___, 2004, 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, President and Chief Executive Officer

Subscribed and sworn to this ____ day of September, 2004

____
Notary Public, ____________ County, Michigan
Acting in Ingham County
My commission expires on ______________.

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX A

STOCK PURCHASE AGREEMENT

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX B

American Physicians Capital, Inc.
Form 10-K for the year ended December 31, 2003
Form 10-Q for the quarter ended June 30, 2004

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX C

WISCONSIN MARKET SHARE 2003
FOR MEDICAL MALPRACTICE

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX D

ORGANIZATIONAL CHART

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX E

PIC-Wisconsin Shareholder Value Plan (As Amended)

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX F

Annual Statements for Insurance Corporation of America

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX G

Audited Financials for Insurance Corporation of America

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX H

Annual Statements for APSpecialty Insurance Corporation

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX I

Audited Financials for APSpecialty Insurance Corporation

FORM A

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

BY

AMERICAN PHYSICIANS ASSURANCE CORPORATION

APPENDIX J

Audited Financials for
American Physicians Capital, Inc.