



STATE OF WISCONSIN

BEFORE THE OFFICE OF THE COMMISSIONER OF INSURANCE

In the Matter of:

Proposed Acquisition of Control of
Physicians Insurance Company of Wisconsin, Inc., by
American Physicians Capital, Inc. and
American Physicians Assurance Corporation

Case No. 04-C29283

**APPLICANTS' INTERROGATORIES TO
PHYSICIANS INSURANCE COMPANY OF WISCONSIN**

Applicants, through their attorneys, hereby request that Physicians Insurance Company of Wisconsin ("PIC") respond to the following interrogatories, under oath, within such time as established by the Commissioner. The obligation to respond shall be continuing throughout this proceeding, and PIC's responses should be supplemented in accordance with applicable law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted:

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