American Physicians Policyholder Questions and Answers

Acquisition of American Physicians Capital, Inc. by The Doctors Company

The Doctors Company, the largest national insurer of physician and surgeon medical liability, has completed its acquisition of American Physicians Capital, Inc., the parent company of American Physicians Assurance Corporation (American Physicians), a major provider of health care liability insurance in Michigan, Ohio, Illinois, and New Mexico.

We will provide you with regular updates pertaining to this acquisition, as well as straightforward answers to your questions. The following list of questions and answers may be helpful. If you have additional questions, please contact your agent or the following key individuals:

American Physicians: Laura Kline, Vice President, (517) 324-6772, lkline@thedoctors.com

The Doctors Company: Bill Fleming, Vice President, (517) 324-6732, bfleming@thedoctors.com

Q: Tell me more about The Doctors Company.
A: Founded by doctors for doctors in 1976, The Doctors Company (www.thedoctors.com) is relentlessly committed to advancing, protecting, and rewarding the practice of good medicine. The Doctors Company is physician-owned, with 46,000 member physicians, making us the largest national insurer of physician and surgeon medical liability. The Doctors Company has over $3 billion in assets, an A rating by Fitch Ratings, and an A- rating by A.M. Best Company. The Doctors Company was recently ranked by the Ward Group as one of the top-50 property-casualty companies in the insurance industry.

Q: What is the reason for the acquisition?
A: As a prominent regional carrier with over 7,000 insured physicians and more than 30 years of experience protecting physicians, American Physicians is an ideal strategic fit for The Doctors Company. With this merger, The Doctors Company further expands its national market leadership to almost 55,000 physicians and extends its presence as the largest insurer of physician and surgeon professional liability.

Q: Will American Physicians continue to exist as a separate company?
A: While American Physicians, as a wholly owned subsidiary of The Doctors Company, will continue to exist as a separate entity, its operations will be fully integrated with those of The Doctors Company, allowing the umbrella organization to minimize costs for members and enhance service and legal defense through combined expertise and strength.

Q: How will the merger affect the industry ratings of The Doctors Company?
A: Fitch and A.M. Best have already indicated that The Doctors Company will continue to be rated A and A-, respectively, upon completion of the transaction.

Q: How will The Doctors Company/American Physicians be organized in Michigan, Illinois Ohio, and New Mexico?
A: Our primary goal is to continue the outstanding service provided by American Physicians to its insureds. The Doctors Company will maintain American Physicians’ Michigan and New Mexico offices and its presence in Illinois. As the Doctors Company has existing offices in Columbus and Cleveland, American Physicians Ohio policyholders will eventually be served by one of these two offices. We are focusing substantial resources to ensure a successful transition and to position ourselves for further market leadership.

Q: What does The Doctors Company gain from American Physicians?
A: We are very excited to enhance our national operation with a leading regional company known for its dedication to providing excellent service to its physician insureds. American Physicians will bring to us a knowledgeable and experienced staff, as well as premier customer service,
outstanding claims and risk management services, and close relationships with a number of key medical organizations, including the Michigan State Medical Society, Michigan Osteopathic Association, and New Mexico Medical Society. As a result, this acquisition enhances our ability to deliver upon our mission to relentlessly advance, protect, and reward the practice of good medicine.

Q: **How do American Physicians policyholders benefit from this transaction?**
A: There are many benefits for American Physicians policyholders, including:
- The financial strength of a combined organization with almost 55,000 members, A ratings, and more than $1 billion of policyholder surplus helps stabilize rates and support the long-term ability to pay claims.
- Like American Physicians, The Doctors Company has a long history of aggressively defending claims, leading tort reform efforts, promoting patient safety, and providing outstanding service to policyholders. Our combined resources provide us with even greater capabilities in these areas.
- The combined organization will continue to be locally managed with direct reporting to The Doctors Company. Economies of scale will mean more efficient operations enhancing servicing and keeping premium rates as low as possible.

Q: **Who makes decisions for the new company?**
A: Richard Anderson, MD is the chairman and chief executive officer of The Doctors Company. Our board is a majority physician board both by charter and culture. We are owned by our members. American Physicians managers and The Doctors Company management group will work together closely to assure excellent services to policyholders and open communication to keep stakeholders of the new organization informed.

Q: **Will there be changes in the product lines?**
A: We do not anticipate any significant changes at this time. Your American Physicians coverage continues to remain in effect.

Q: **Will American Physicians insureds be eligible for The Doctors Company’s Tribute® Plan?**
A: Yes. American Physicians insureds will be eligible to participate in the Tribute Plan once they become members of The Doctors Company. At that time, they will begin receiving Tribute allocations, including credit for 2011 premiums. We will grandfather their years of American Physicians coverage to count toward years of The Doctors Company coverage for the purposes of determining Plan eligibility. Visit www.thedoctors.com/tribute for more information on the Tribute Plan.

Q: **Will American Physicians insureds be eligible for The Doctors Company policy dividends?**
A: Yes. American Physicians insureds will become eligible for The Doctors Company dividend program upon their first renewal with The Doctors Company.

Q: **Will American Physicians insureds be eligible for The Doctors Company’s free tail coverage?**
A: Yes. An American Physicians insured’s years of coverage will apply toward satisfying The Doctors Company retirement benefit of free tail coverage for policyholders on full retirement who have been insured for any combination of five consecutive years of coverage with American Physicians or The Doctors Company, or who suffer death or permanent and total disability.

Q: **What effect will this transaction have on my coverage and premium?**
A: We do not anticipate any significant changes to policy terms, limits, or other coverage features at this time. Your policy continues to be underwritten by American Physicians staff in accordance with standard underwriting guidelines. However, we will move to unify the physician rates and policy terms of American Physicians and The Doctors Company to provide access to all the benefits of membership in The Doctors Company, including the Tribute Plan, CyberGuard®, MediGuard℠, and the ability to receive policy dividends.
Q: **Will I keep the same type of policy?**  
A: Yes, your policy type will remain the same. If you are insured on an occurrence policy, you will be transitioned to an occurrence policy issued by The Doctors Company. Likewise, claims-made and TailGard® policies will be transitioned to like policies issued by The Doctors Company.

Q: **How does this change the service I receive?**  
A: It doesn’t. You will continue to receive the same excellent service as in the past from your American Physicians contacts. Operations will remain in Michigan, Illinois, and New Mexico, with the addition of offices in Columbus and Cleveland, Ohio. The added resources of the combined organization will only enhance customer service and claims defense.

Q: **Can I keep my current agent?**  
A: Yes, physicians insured with American Physicians will continue to work with their current agents.

Q: **If I decide to move to another state, can I get coverage from The Doctors Company for my new practice?**  
A: The Doctors Company and its subsidiaries are admitted in all 50 states, and one of the benefits of being insured with a subsidiary of The Doctors Company is the ability to obtain coverage in other states. If you’re considering moving out of the state, please contact us to find out about rates, coverage terms, and availability in other states.

Q: **Who makes underwriting decisions?**  
A: Underwriting decisions will be made by our local staff under standard guidelines. We will move to consolidate the underwriting guidelines of American Physicians and The Doctors Company. As such, improvements will occur over time. Please continue to call on the contacts that you have used in the past.

Q: **Where do I send my payment?**  
A: Payment should be sent to the remittance address furnished with the premium invoice. Eventually, we expect to migrate to a common premium billing system for The Doctors Company/American Physicians.

Q: **I have an open claim. What happens now?**  
A: Nothing changes. You will continue to be served by highly skilled claims professionals and represented by the defense counsel currently retained on your behalf. Any changes that might occur in the normal course of litigation management will be communicated to you in advance.

Q: **Do I continue to contact the same American Physicians representative/office for claims and information, or will American Physicians and The Doctors Company offices combine into one facility?**  
A: You should continue to work with the same business contacts and call the same numbers that you have called in the past. As operations are combined, some changes may occur. You will be notified of any such changes in contact information.

Q: **Will the acquisition change the way that American Physicians defends its policyholders?**  
A: No. We understand that American Physicians has aggressively resisted non-meritorious claims against its insureds. We are relentless in defending our members.

Q: **Will the new company settle a claim without my consent?**  
A: No. We are committed to giving our members consent to settle rights, where permitted by law.

Q: **Who decides which law firm defends me?**  
A: We will continue to engage only the finest counsel to defend our insureds. Our claims professionals will make these selections as they presently do.
Q: Can I get tail coverage if I decide to go with another carrier?
A: Tail coverage is a critical component whenever you terminate a claims-made policy. The provisions of your current policy have not changed. You can purchase tail coverage if you change carriers.

Q: How does this transaction affect American Physicians' risk management services?
A: There will be no immediate changes to the services that are currently provided. However, as an industry leader in patient safety and risk management, The Doctors Company combined with American Physicians will allow us to offer even greater patient safety and risk management tools and services to American Physicians members, including online CME, extensive articles and publications, 24/7 risk manager consultation, and a variety of seminars.

Q: Is The Doctors Company endorsed or sponsored by any medical associations?
A: Six of the nation’s most prominent national specialty societies endorse or sponsor The Doctors Company as their chosen professional liability insurance carrier. These groups include the American Academy of Otolaryngology—Head and Neck Surgery, American Association of Neurological Surgeons, American College of Physicians, American College of Surgeons, American Society of Plastic Surgeons®, and University HealthSystem Consortium. Together with important state and regional endorsements, these prestigious organizations represent over 250,000 of America’s doctors.

Q: Will The Doctors Company maintain programs with American Physicians’ endorsed medical societies?
A: It is our intention to continue working with American Physicians’ endorsed medical societies to fulfill our mission to advance, protect, and reward the practice of good medicine.

Q: Will the company name and logo change?
A: We will continue to refer to American Physicians for the next year or two. Over time, we will transition to the use of The Doctors Company for all of our members. You will begin to see the following logo: