



**QUARTERLY STATEMENT**

AS OF JUNE 30, 2007

OF THE CONDITION AND AFFAIRS OF THE

**American Physicians Insurance Company**

NAIC Group Code 0000, 0000 NAIC Company Code 32557 Employer's ID Number 75-1517531  
(Current Period) (Prior Period)

Organized under the Laws of Texas, State of Domicile or Port of Entry Texas

Country of Domicile US

Incorporated/Organized November 23, 1975 Commenced Business June 1, 1976

Statutory Home Office 1301 S. Capital of Texas Hwy., Suite C-300, Austin, Texas 78746  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1301 S. Capital Of Texas Hwy., Suite C-300, Austin, Texas 78746 512-314-4430  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1301 S. Capital of Texas Hwy., Suite C-300, Austin, Texas 78746  
(Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 1301 S. Capital of Texas Hwy., Suite C-300, Austin, Texas 78746  
(Street and Number, City or Town, State and Zip Code)  
512-314-4330  
(Area Code) (Telephone Number)

Internet Website Address www.apie.us

Statutory Statement Contact Bruce Edwin Wood, CPA 512-314-4330  
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(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

1. Timothy L. LaFrey# (Chief Executive Officer)
2. Maury L. Magids (President & COO)
3. Marc J. Zimmermann, CPA (Senior Vice President, Secretary & CFO)
4. Jay R. Tidey (Treasurer)

**OTHER OFFICERS**

Norris C. Knight, Jr., MD# (Chairman)  
 Vicki L. Gould# (Vice President, Claims)

**DIRECTORS OR TRUSTEES**

Lawrence M. Pierce, MD  
 William J. Peche, MD  
 Norris C. Knight, Jr., MD  
 Richard S. Shoberg, Jr., MD  
 Kenneth S. Shifrin  
 Timothy L. LaFrey#  
 Maury L. Magids#  
 Marc J. Zimmermann, CPA#  
 Samuel R. Granett#

State of Texas }  
 County of Travis } SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Maury L. Magids  
 President & COO  
 Subscribed and sworn to before me this  
 day of \_\_\_\_\_ 2007

Marc J. Zimmermann, CPA  
 Senior Vice President, Secretary & CFO

Jay R. Tidey  
 Treasurer

- a. Is this an original filing? Yes (X) No ( )
- b. If no: 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

## ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	December 31 Prior Year Net Admitted Assets
1. Bonds .....	165,405,233		165,405,233	132,831,837
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....	6,233,037		6,233,037	6,707,793
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 287,746 ), cash equivalents (\$ ..... 11,975,014 ) and short-term investments (\$ ..... ) .....	12,262,760		12,262,760	5,922,819
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets .....	1,189,373		1,189,373	1,142,559
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....	178,872		178,872	175,171
10. Subtotals, cash and invested assets (Line 1 to Line 9) .....	185,269,275		185,269,275	146,780,179
11. Title plants less \$ ..... charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	890,558		890,558	705,802
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	16,270,076		16,270,076	14,819,581
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	13,282		13,282	97,758
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....	2,679,536		2,679,536	8,729,107
15. Amounts receivable relating to uninsured plans .....				
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....	4,012,205	326,931	3,685,274	3,470,679
17. Guaranty funds receivable or on deposit .....	273,911		273,911	273,911
18. Electronic data processing equipment and software .....	394,404		394,404	
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....	148,924		148,924	
22. Health care (\$ ..... ) and other amounts receivable .....				
23. Aggregate write-ins for other than invested assets .....	40,360	12,205	28,155	1,708,546
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	209,992,531	339,136	209,653,395	176,585,563
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Totals (Line 24 and Line 25) .....	209,992,531	339,136	209,653,395	176,585,563
<b>DETAILS OF WRITE-INS</b>				
0901. Directors & Officers Trust Fund .....	178,872		178,872	175,171
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....	178,872		178,872	175,171
2301. Member Maintenance Fees Accounts Receivable .....				1,673,088
2302. Prepaid Non-Admitted .....	12,205	12,205		
2303. Accounts Receivable Other - Premium Taxes .....	28,155		28,155	35,458
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	40,360	12,205	28,155	1,708,546

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 11,671,821 )	48,053,285	44,431,664
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	35,569,166	36,754,486
4. Commissions payable, contingent commissions and other similar charges	341,216	364,386
5. Other expenses (excluding taxes, licenses and fees)	176,263	188,996
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	5,870,586	652,758
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 299,466 and including warranty reserves of \$ )	34,221,654	35,061,053
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders	75,437	
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	311,618	45,279
13. Funds held by company under reinsurance treaties	7,371,329	4,003,206
14. Amounts withheld or retained by company for account of others	374,635	520,242
15. Remittances and items not allocated	2,974,398	1,944,063
16. Provision for reinsurance		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	787,551	2,672,861
20. Payable for securities	5,434,269	
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities		4,395,399
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	141,561,407	131,034,393
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	141,561,407	131,034,393
27. Aggregate write-ins for special surplus funds		10,226,799
28. Common capital stock	10,000,000	
29. Preferred capital stock	10,198	
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	47,844,910	
33. Unassigned funds (surplus)	10,236,880	35,324,371
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$ )		
34.2 shares preferred (value included in Line 29 \$ )		
35. Surplus as regards policyholders (Line 27 through Line 33, less Line 34)	68,091,988	45,551,170
36. Totals	209,653,395	176,585,563
<b>DETAILS OF WRITE-INS</b>		
2301. Unearned Member Maintenance Fees		4,395,399
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)		4,395,399
2701. Subscriber Deposits		10,226,799
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		10,226,799
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 30,510,200 )	35,774,992	34,169,070	65,862,384
1.2 Assumed (written \$ )			
1.3 Ceded (written \$ (1,011,651))	(981,657)	2,437,787	5,390,837
1.4 Net (written \$ 31,521,851 )	36,756,649	31,731,283	60,471,547
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 11,695,521 ):			
2.1 Direct	4,676,258	6,738,458	16,417,528
2.2 Assumed	(179,000)	(121,249)	(399,920)
2.3 Ceded	(3,571,563)	(2,250,506)	1,032,169
2.4 Net	8,068,821	8,867,715	14,985,439
3. Loss expenses incurred	6,248,747	10,330,871	23,984,433
4. Other underwriting expenses incurred	6,068,223	6,422,419	13,978,744
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Line 2 through Line 5)	20,385,791	25,621,005	52,948,616
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	16,370,858	6,110,278	7,522,931
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	3,750,340	2,760,480	6,190,438
10. Net realized capital gains (losses) less capital gains tax of \$ 245,259	455,481	122,223	3,677
11. Net investment gain (loss) (Line 9 plus Line 10)	4,205,821	2,882,703	6,194,115
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ )			
13. Finance and service charges not included in premiums	65,067	181,074	283,057
14. Aggregate write-ins for miscellaneous income		5,591,399	10,380,731
15. Total other income (Line 12 through Line 14)	65,067	5,772,473	10,663,788
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	20,641,746	14,765,454	24,380,834
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	20,641,746	14,765,454	24,380,834
19. Federal and foreign income taxes incurred	7,828,348	5,568,888	8,826,519
20. Net income (Line 18 minus Line 19) (to Line 22)	12,813,398	9,196,566	15,554,315
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	45,551,170	29,789,112	29,789,112
22. Net income (from Line 20)	12,813,398	9,196,566	15,554,315
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (152,291)	(282,825)	(136,574)	26,704
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	389,235	612,621	366,506
27. Change in nonadmitted assets	(274,704)	(109,571)	155,254
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in	10,000,000		
32.2 Transferred from surplus (Stock Dividend)	37,844,910		
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)	(27,646,960)		
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(75,437)		
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	(10,226,799)	(239,818)	(340,721)
38. Change in surplus as regards policyholders (Line 22 through Line 37)	22,540,818	9,323,224	15,762,058
39. Surplus as regards policyholders, as of statement date (Line 21 plus Line 38)	68,091,988	39,112,336	45,551,170
<b>DETAILS OF WRITE-INS</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)			
1401. Member Maintenance Contributions		5,591,399	10,387,839
1402. Miscellaneous Income			(7,108)
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)		5,591,399	10,380,731
3701. Change in Subscriber Deposits	(10,226,799)	(239,818)	(340,721)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. TOTALS (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	(10,226,799)	(239,818)	(340,721)

**CASH FLOW**

	1	2
	Current Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	42,457,845	57,106,264
2. Net investment income .....	3,428,006	5,758,320
3. Miscellaneous income .....	(260,351)	9,547,773
4. Total (Line 1 through Line 3) .....	45,625,500	72,412,357
5. Benefit and loss related payments .....	4,447,200	8,906,474
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	15,642,046	29,083,549
7. Commissions, expenses paid and aggregate write-ins for deductions .....	2,855,780	7,570,142
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....		
10. Total (Line 5 through Line 9) .....	22,945,026	45,560,165
11. Net cash from operations (Line 4 minus Line 10) .....	22,680,474	26,852,192
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	9,885,436	35,126,004
12.2 Stocks .....	3,828,228	1,692,013
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		110,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7 Miscellaneous proceeds .....		
12.8 Total investment proceeds (Line 12.1 through Line 12.7) .....	13,713,664	36,928,017
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	42,336,306	59,313,117
13.2 Stocks .....	3,123,310	2,832,463
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....		
13.6 Miscellaneous applications .....	(5,434,269)	
13.7 Total investments acquired (Line 13.1 through Line 13.6) .....	40,025,347	62,145,580
14. Net increase or (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(26,311,683)	(25,217,563)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		
16.2 Capital and paid in surplus, less treasury stock .....	10,000,000	
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5 Dividends to stockholders .....		
16.6 Other cash provided (applied) .....	(28,850)	(26,253)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	9,971,150	(26,253)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) .....	6,339,941	1,608,376
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	5,922,819	4,314,443
19.2 End of period (Line 18 plus Line 19.1) .....	12,262,760	5,922,819

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....		
20.0002 .....		
20.0003 .....		
20.0004 .....		
20.0005 .....		
20.0006 .....		
20.0007 .....		
20.0008 .....		
20.0009 .....		
20.0010 .....		

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Accounting Practices

**Statutory Accounting Practices**—The accompanying financial statements have been prepared in conformity with insurance accounting practices prescribed or permitted by the Texas Department of Insurance, which are designed primarily to reflect the Company's ability to meet obligations to its policyholders. The state of Texas has adopted the National Association of Insurance Commissioners (“NAIC”) statutory accounting practices (“SAP”) as the basis of its statutory accounting practices except that it has retained certain prescribed practices.

In the preparation of the accompanying statutory financial statements, the Company has not utilized any accounting practices, which are considered to be permitted practices.

The above prescribed statutory accounting practices differ from accounting principles generally accepted in the United States of America (“GAAP”) followed by other business enterprises in determining financial position and results of operations.

#### B. Use of Estimated in the Preparation of the Financial Statements

The preparation of the statutory financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the accompanying financial statements are the reserve for losses and loss adjustment expenses, reinsurance premiums payable and premiums ceded.

#### C. Accounting Policy

The Company issues policies written on a claims-made basis. A claims-made policy provides coverage for claims reported during the policy year. The Company charges both a base premium and a premium maintenance fee. Policies are written for a one-year term and premiums and maintenance fees are earned on a pro-rata basis over the term of the policy. Premium maintenance fees are charged to offset the costs incurred by the Company to issue and maintain policies. The reserve for unearned premiums and maintenance fees are determined on a monthly pro rata basis. Upon termination of coverage, members may purchase an extended reporting period (tail) endorsement for additional periods of time. These extended reporting period coverage endorsements are earned when written.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

**Adoption of a Change in Statutory Presentation**— Beginning in 2007, the Company adopted a change in presentation of maintenance fees. The Company charges both a base premium and a premium maintenance fee. Policies are written for a one-year term and premiums and maintenance fees are earned on a pro-rata basis over the term of the policy. Premium maintenance fees are charged to offset the costs incurred by the Company to issue and maintain policies. Effective with the first quarter filing 2007, all maintenance fees are reported inclusive with premiums. Prior to 2007 maintenance fees were reported as a separate write-in line on the balance sheet for accounts receivable and unearned premiums, and also as a write-in line on the income statement, and for cash flow they were previously included as miscellaneous income. Since maintenance fees have all the characteristics of premiums this is an appropriate classification change. This treatment is also consistent with how the Company has accounted for premium tax filings submitted to the states in which it writes business. This change in accounting presentation had no impact on the Company's Statutory Surplus for the six months ending June 30, 2007 or year ended December 31, 2006.

#### D. In addition, the Company uses the following accounting policies:

- i. Short-term investments are stated at amortized cost using the interest method.
- ii. Investment grade bonds not backed by other loans are stated at amortized cost using the scientific interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.
- iii. Common Stocks are stated at fair value.
- iv. All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.
- v. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates are continually reviewed with outside actuaries and any adjustments are reflected in the period determined.

**NOTES TO FINANCIAL STATEMENTS****2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS****A. Material Changes in Accounting Principles**

There were no material changes in accounting principles.

**B. Correction of Errors**

There were no corrections due to errors.

**3. BUSINESS COMBINATIONS AND GOODWILL**

Not applicable

**4. DISCONTINUED OPERATIONS**

Not applicable

**5. INVESTMENTS****A. Mortgage Loans**

Not applicable

**B. Debt Restructuring**

Not applicable

**C. Reverse Mortgages**

Not applicable

**D. Loan-Backed Securities**

i. The Company uses the prospective method of amortization.

ii. The Company uses broker dealer survey values for prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities.

**E. Repurchase Agreements**

Not applicable

**F. Real Estate Impairment and Retail Land Sales**

Not applicable

**6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

Not applicable

**7. INVESTMENT INCOME**

The Company has no investment income that is over 90 days past due.

**8. DERIVATIVE INSTRUMENTS**

Not Applicable

**9. INCOME TAXES**

A. The Exchange will file a final Federal Income Tax Return as an Exchange as of March 31, 2007. Subsequent to the merger on April 1, 2007 the Company will file a consolidated Federal Income Tax Return with American Physicians Service Group ("APSG"), its new parent company.

B. At June 30, 2007, the Company did not have any unused operating loss carry forward to offset future taxable income. The amount of federal income taxes incurred in the current and prior years that will be available for recoupment in the event of current year or future net losses is \$8,173,607, \$8,922,000, \$4,551,100, and \$3,327,800 from the first six months of 2007, and the years 2006, 2005, and 2004, respectively.

C. The Company does not have any refunds due from the IRS as of June 30, 2007.

D. The components of net deferred tax asset is as follows:

	6/30/07	12/31/06	Change
(1) Total gross deferred tax assets (admitted and non-admitted)	\$4,626,689	\$4,223,689	\$403,000
(2) Total gross deferred tax liabilities	<u>614,484</u>	<u>753,009</u>	<u>(138,525)</u>
(3) Net deferred tax asset	4,012,205	3,470,680	541,525
(4) Non-Admitted deferred tax assets in accordance with SSAP No. 10	<u>( 326,931)</u>	<u>0</u>	<u>( 326,931)</u>

**NOTES TO FINANCIAL STATEMENTS**

(5) Net Admitted deferred tax asset	<u>\$3,685,274</u>	<u>\$3,470,680</u>	<u>\$ 214,594</u>
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## E. Unrecognized Deferred Tax Liabilities

None

## F. Current Tax and Change in Deferred Tax

The provisions for income taxes incurred on earnings for the six months and year ended June 30, 2007 and December 31, 2006 are as follows:

	<b>2007</b>	<b>2006</b>
Federal income taxes on operations	\$7,828,348	\$8,826,519
Federal income taxes on realized capital gains	<u>245,259</u>	<u>1,980</u>
Federal Income Taxes Incurred	\$8,073,607	\$8,828,499

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<b>6/30/07</b>	<b>12/31/06</b>
Deferred tax assets:		
(1) Loss reserve discounting	\$1,902,748	\$1,792,551
(2) Change in unearned prem. reserve	2,723,941	2,431,138
(3) Unrealized losses on investments	<u>-0-</u>	<u>-0-</u>
Total Deferred Tax Assets	4,626,689	4,223,689
Non-admitted deferred tax asset	<u>( 326,931)</u>	<u>-0-</u>
Admitted deferred tax assets	\$4,299,758	\$4,223,689
Deferred tax liabilities:		
(1) Unrealized gain on investments	\$ 545,498	\$ 681,404
(2) Other	<u>69,722</u>	<u>71,605</u>
Total Deferred tax liabilities	\$ 614,484	\$ 753,009
Net Admitted Deferred Tax Assets	<u>\$3,685,274</u>	<u>\$3,470,680</u>

The change in net gross deferred income taxes is comprised of the following:

	<b>6/30/07</b>	<b>12/31/06</b>	<b>Change</b>
Total gross deferred tax assets	\$4,626,689	\$4,223,689	\$403,000
Total gross deferred tax liabilities	<u>614,484</u>	<u>753,009</u>	<u>(138,526)</u>
Net Gross Deferred Tax Asset	\$4,012,205	\$3,470,680	\$541,525

G. The income tax benefit incurred and change in deferred income tax for the six months ended June 30, 2007, and year ended December 31, 2006, differs from the amount computed by applying the federal statutory rate of 35% for 2007 and 2006 to income before income tax as follows:

	<b>2007</b>	<b>2006</b>
Provision computed at statutory rate	\$ 7,310,452	\$ 8,538,195
Discounting of Reserve	110,197	391,769
Adjustment on Unearned premiums	292,804	25,348
Adjustments on Prior Year Taxes	360,154	(86,225)
Other	<u>(-0-)</u>	<u>(40,588)</u>
Total Statutory Income Taxes	\$ 8,073,607	\$ 8,828,499

**10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

A. American Physicians Insurance Exchange ("Exchange") was organized in 1975 under Article 19 of the Texas Insurance Code as a Reciprocal Exchange and did not have any stockholders until April 1, 2007.

B. The Exchange was managed by an "Attorney-in-Fact," APS Facilities Management Inc. ("FMI") up to March 31, 2007. The management agreement between FMI and the Exchange basically provided for full management by FMI of the affairs of the Exchange under the direction of the Exchange's Physician Board of Directors. Subject to this direction of the Board, FMI sold and issued policies, investigated, settled and defended claims, and otherwise managed the Exchange's affairs. In consideration of performing its services, FMI received a percentage fee based on APIE's earned premiums (before payment of reinsurance), as well as a portion of APIE's profits. FMI paid salaries and personnel related expenses, rent and office operations costs, data processing costs and many other operating expenses of APIE. APIE was responsible for the payment of claims, claims expenses, peer review expenses, directors' fees and expenses, legal, actuarial and auditing expenses, its taxes, outside agent commissions and certain other expenses.

C. American Physicians Service Group, Inc. ("APSG") (NASDAQ: AMPH) is the parent company for the wholly-owned APS Facilities Management, Inc. ("FMI") who manages the Exchange under an attorney-in-fact contractual arrangement. The Exchange's Board of Directors on June 1, 2006 adopted and approved a plan of conversion and merger agreement with APSG and authorized the execution of these documents. The APIE board of directors agreed on a merger transaction in which, immediately after APIE converts from a Texas reciprocal insurance exchange to a Texas stock insurance company and changes its name to American Physicians Insurance Company ("APIC"), a newly formed, wholly owned subsidiary of APSG will merge into APIC, with APIC becoming a wholly

**NOTES TO FINANCIAL STATEMENTS**

owned subsidiary of APSG.

The TDI issued a Consent Order dated January 26, 2007, which places some conditions for the conversion and merger to occur. The Securities and Exchange Commission declared the Company's joint registration and proxy statement effective on February 1, 2007. On March 22, 2007, a special meeting of APIE subscribers was held approving this transaction and APSG shareholders also approved the merger on the same day. This transaction closed effective April 1, 2007.

**11. DEBT**

Not applicable

**12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POST-RETIREMENT BENEFIT PLANS**

All compensation and employee related plan expenses, if any, are paid by the managing general agent and the Company does not assume any liability for these expenses.

**13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

A. The Company is a stock insurance company and has one shareholders effective with the merger on April 1, 2007.

B. The Company has no surplus debentures or subscriber deposits as of June 30, 2007.

C. General information on Subscriber deposits follows:

- i. From inception of the Exchange through March 1992, as periodically determined and approved by the APIE Board of Directors, eligible physicians desiring to purchase insurance through the Exchange were required to make a refundable subscriber deposit. The amount of refundable deposit varied during this period from \$1,000 to \$15,000 based on medical specialty. For refundable deposits made to the Exchange prior to January 1, 1987, interest was accrued on the outstanding balance. Effective January 1, 1989, accrual of interest on refundable deposits was suspended by the APIE Board of Directors. Refundable deposits made subsequent to January 1, 1987, were non-interest bearing. As of December 31, 2006, the Exchange had \$10,226,800, which included accrued interest remaining on subscribers' deposits of \$38,000, respectively. Effective with the merger on April 1, 2007, all subscriber deposits and accrued interest were converted into the Company's mandatorily redeemable preferred stock. Simultaneously with the merger on the same date, the individual holders of the Company's mandatorily redeemable preferred stock exchanged all of the Company's outstanding preferred stock for mandatorily redeemable preferred stock of the Company's parent, APSG. As such APSG now owns all of the Company's outstanding common and preferred stock. APSG is required to redeem all of the preferred shares issued to the Company's former subscribers at a rate of \$1,000,000 per year plus a 3% annual dividend until all such shares are redeemed.

Prior to the merger, The Exchange requested authority from the Texas Department of Insurance ("TDI") to return Subscriber Deposits for individuals who are no longer active policyholders. TDI has authorized partial pro-rata distributions of subscriber deposits to former subscribers. The Exchange's Board of Directors elected not to authorize distributions in 2006. The Exchange's Board of Directors elected to authorize maximum distributions of \$200,000 for 2005. The Board of Directors may elect to continue to refund up to \$200,000 per year in the future contingent on specific TDI requirements. The TDI has authorized the Exchange to return full subscriber deposits to active policyholders upon death, disability, or retirement. Total refunds made in the six months ended June 30, 2007 and the year ended 2006 were \$(50,500), and \$73,700, respectively. The first six months of 2007 refunds were negative due to cancellations of prior checks issued and not cashed. All subscriber deposits were converted into mandatorily redeemable preferred stock on April 1, 2007.

- iii. Beginning in 1991, physicians who were previously members of the Exchange and subsequently return are allowed to convert their current refundable deposits as consideration for reduced premiums and satisfies any current and future subscriber deposit requirements. The Exchange continued to allow existing subscribers to convert their refundable deposits in this manner up to April 1, 2007, the date of the merger. The amount of such conversions was \$79,300 and \$267,100 during the first quarter 2007 and the year ended 2006, respectively.
- iv. The portion of unassigned surplus represented by cumulative unrealized gains (net of taxes) as of June 30, 2007 is \$129,218.

**14. CONTINGENCIES****A. Contingent commitments**

The Company did not have any contingent commitments as of June 30, 2007.

**B. All other Contingencies**

Various lawsuits against the Company have arisen in the normal course of the Company's business. It is management's opinion that liabilities, if any, arising from these claims will not have a significant adverse effect on the statutory financial position, results of operations, or cash flows of the Company.

**NOTES TO FINANCIAL STATEMENTS****15. LEASES**

The Company had no lease commitments in force at June 30, 2007.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

None

**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES**

None

**18. GAIN/LOSS FROM UNINSURED A & H PLANS**

Not applicable

**19. DIRECT PREMIUM WRITTEN BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

- A. American Physicians Insurance Agency, Inc. EIN 75-1212528  
1301 Capital of Texas Hwy., Suite C-300, Austin, Texas 78746
- B. American Physicians Insurance Agency, Inc. does not hold an exclusive contract.
- C. American Physicians Insurance Agency, Inc. is licensed to write multi-lines of coverage. However, its business is concentrated in medical malpractice.
- D. American Physicians Insurance Agency, Inc. has the authority to solicit business for those lines of insurance the Company is authorized to write, to advertise the Company's name, recruit and appoint agents, and perform those actions necessary for its Agency to fulfill its duties under the terms of its contract.

**20. SEPTEMBER 11 EVENTS**

No losses were incurred as a result of the terrorist attacks of September 11, 2001.

**21. OTHER ITEMS**

The Company elected to use truncation in reporting amounts in the statement.

**22. SUBSEQUENT EVENTS**

None.

**23. REINSURANCE**

- A. Unsecured reinsurance recoverables at June 30, 2007, that exceeded 3% of the Company's's surplus are summarized as follows:

Authorized Reinsurance Companies		
EIN #	COMPANY NAME	AMOUNT
13-1675535	Swiss Reinsurance	14,814,020
AA-1122000	Hannover Ruckversicherungs AG	2,369,280
06-0237820	Ace Tempest RE USA	2,253,724
13-5616275	Transatlantic Reinsurance	4,644,381

- B. The Company had no reinsurance recoverable in dispute at June 30, 2007.
- C. Reinsurance Assumed And Ceded:
  - i. The amount of return commission due reinsurers on assumed and ceded premiums at June 30, 2007 was \$0.
  - ii. The Company did not have any adjustment commissions based on reinsurance loss experience or profit sharing.
  - iii. The Company's reinsurance treaties are on a calendar year basis for reported claims. When the Company's insured's' policies have coverage for prior acts being reported under the current policy, these acts are also covered under the Company's reinsurance treaties.
  - iv. The Company had assumed reinsurance liabilities on medical professional liability policies written by other insurance companies in the state of Texas. In the course of assuming this business, the Company has established letters of credit, for the benefit of those ceding companies, in the amount of \$800,000 and pledged assets in the amount of \$840,000 to secure those letters of credit.
- D. Uncollectible Reinsurance  
The Company did not write off any reinsurance balances due during 2007.
- E. Commutation of Ceded Reinsurance  
The Company did not commute any of its reinsurance in 2007.
- F. Retroactive Reinsurance  
Not applicable
- G. Premium Adjustments Profit/(Loss)

**NOTES TO FINANCIAL STATEMENTS**

The Company enters into reinsurance contracts, which provide coverage for losses in excess of the Company's retention of \$250,000 on individual claims and beginning in 2002, \$350,000 on multiple insured claims related to a single occurrence. The 2007 reinsurance contract provides for the same terms with the Company retaining an additional 20% of the risk above the aforementioned retention levels. The reinsurance contracts for 2002 through 2007 contain variable premium ceding rates based on loss experience. The actual percentage rate charged under these contracts will depend upon the development of ultimate losses developed to the reinsured under the reinsurance treaties.

Consistent with SSAP 62, during the current year, the ceded premium charged under these contracts will depend upon the development of ultimate losses ceded to the reinsurers under their retrospective treaties. Estimates of ultimate reinsurance ceded premium amounts compared to the amounts paid on a provisional basis are reviewed by treaty year, with each treaty year giving rise to either an asset or liability on the balance sheet. For the six months ended June 30, 2007, the Company recorded \$5.6 million in positive development for the treaty years 2002 through 2006 based on outside actuarial review. Additionally, each treaty year requires a 24 or 36-month holding period before any cash can be returned or paid. During the six months ending June 30, 2007, the Company received \$13.8 million due to the expiration of the 2003 treaty year 36-month holding period and the 2004 treaty year 24-month holding period.

**24. RETROSPECTIVE RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION**

Not applicable

**25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

The reserve for unpaid losses and loss adjustment expenses represent the estimated liability for unpaid claims reported to the Company, plus claims incurred but not reported ("IBNR") and the related estimated loss adjustment expenses. The reserve for losses and loss adjustment expenses is determined based on the Company's actual experience, available industry data and projections as to future claims frequency, severity, inflationary trends and settlement patterns.

The Company writes medical malpractice policies which have a lengthy period for reporting a claim (tail coverage) and a long process of litigating a claim through the courts and whose risk factors expose its reserves for loss and loss adjustment expenses to significant variability. These conditions subject the Company's open reported claims and incurred but not reported claims to increases due to inflation, changes in legal proceedings, and changes in the law. While the anticipated effects of inflation is implicitly considered when estimating reserves for loss and loss adjustment expenses, the increase in average severity of claims is caused by a number of factors. Future average severities are projected based on historical trends adjusted for changes in underwriting standards, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual experience and are modified as necessary to reflect any changes in the development of ultimate losses and loss adjustment expenses to the Company. These specific risks, combined with the variability that is inherent in any reserve estimate, could result in significant adverse deviation from the Company's carried net reserve amounts. Settlement of the Company's claims is subject to considerable uncertainty. The Company's management believes the reserves for loss and loss adjustment expenses are reasonably stated for all obligations of the Company as of June 30, 2007 and December 31, 2006.

The following table reflects the activity in the liability for reserve for losses and loss adjustment expenses showing the changes for the twelve month periods beginning January 1, 2006 and ending December 31, 2006 and the six month period ending June 30, 2007 (in thousands):

	(In thousands)	
	<b>2007</b>	<b>2006</b>
<b>Balance at January 1</b>	\$ 81,186	\$ 66,195
Less: Reinsurance Recoverable Paid Losses	<u>98</u>	<u>262</u>
<b>Net Balance at January 1</b>	\$ 81,088	\$ 65,933
Incurred, net of reinsurance, related to:		
Current years	\$ 22,669	\$ 43,431
Prior years	<u>(8,351)</u>	<u>(4,461)</u>
<b>Net Incurred</b>	\$ 14,318	\$ 38,970
Paid, net of reinsurance, related to:		
Current years	\$ 1,447	\$ 4,820
Prior years	<u>10,337</u>	<u>18,995</u>
<b>Total Net Paid</b>	\$ 11,784	\$ 23,815
<b>Net Balance at Period End</b>	\$ 83,622	\$ 81,088
Plus: Reinsurance Recoverable Paid Losses	<u>13</u>	<u>98</u>
<b>Balance at Period End</b>	<u>\$ 86,635</u>	<u>\$ 81,186</u>

Incurred—net of reinsurance for the current years relates to incurred loss and loss adjustment expense related to premium earned in that period, also referred to as accident year. Incurred—net of reinsurance for the prior years represents the total net change in estimates charged or credited to earnings in the current year with respect to liabilities that originated and were established in prior years. As noted in the table above, for the six months ended June 30, 2007, our current accident year loss and loss adjustment expenses increased \$22,669,000. In addition, we incurred favorable development for allocated loss adjustment expenses of \$8,351,000 for prior years' claims. The \$8,351,000 of favorable development was primarily the result of loss severity for the 2002 through 2006 report years developing favorably

## NOTES TO FINANCIAL STATEMENTS

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compared to prior period estimates. In addition, the total number of claims closed with indemnity for these report years were less than prior estimates.

### 26. INTERCOMPANY POOLING ARRANGEMENTS

The Company is not part of an affiliated group of insurers and does not have any pooling arrangements.

### 27. STRUCTURAL SETTLEMENTS

The Company has purchased annuities at various times in resolution of claims of which the claimant is payee. In each case, release of liability was obtained from the claimants and the Company's contingent liability was assigned to the annuity life insurance carrier, who assumed responsibility for payment of benefits to the claimant.

Other invested assets at June 30, 2007 and December 31, 2006, consists of a structured annuity recorded at net present value in the amount of \$1,189,400, and \$1,142,600, respectively. During 1985, the Company purchased a structured annuity to settle a claim. Under the terms of the structured annuity, upon the death of the claimant, certain payments in the structured annuity are payable to the Company. As of June 30, 2007, the Company expects to receive future payments totaling \$3,550,000 through 2043. The present value of the future payments is based on the implied interest rate in the original structured annuity of 8.125%.

### 28. HEALTH CARE RECEIVABLES

Not applicable

### 29. PARTICIPATING ACCIDENT AND HEALTH POLICIES

Not applicable

### 30. PREMIUM DEFICIENCY RESERVES

Not applicable

### 31. HIGH DEDUCTIBLES

The Company has no high deductible policies.

### 32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount its reserves for statutory reporting.

### 33. ASBESTOS/ENVIRONMENTAL RESERVES

Not applicable

### 34. SUBSCRIBER SAVINGS ACCOUNT

Not applicable

### 35. MULTIPLE PERIL CROP

Not applicable

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes (X) No ( )
- 1.2 If yes, has the report been filed with the domiciliary state? Yes (X) No ( )
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes (X) No ( )
- 2.2 If yes, date of change: 04/01/2007
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes (X) No ( )  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes (X) No ( )
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes (X) No ( ) N/A ( )  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/28/2006
- 6.4 By what department or departments?  
.....  
.....
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes ( ) No (X)
- 7.2 If yes, give full information  
.....  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No (X)
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

**GENERAL INTERROGATORIES (continued)**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )  
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
 .....  
 .....

9.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
 .....  
 .....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
 .....  
 .....

**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ( )

10.2 If yes, indicate the amounts receivable from parent included in the Page 2 amount: \$ ..... 148,924

**INVESTMENT**

11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes (X) No ( )

11.2 If yes, explain

Prior to April 1, 2007, the company was a reciprocal exchange. It converted to a stock company and change it name to American Physicians Insurance Company. The company then merged with American Physicians Services Group, Inc. and issued preferred and common stock to its policyholders

12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ( ) No (X)

12.2 If yes, give full and complete information relating thereto:  
 .....  
 .....

13. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ .....

14. Amount of real estate and mortgages held in short-term investments: \$ .....

15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ( ) No (X)

15.2 If yes, please complete the following:

	1 Prior Year-End Book/ Adjusted Carrying Value	2 Current Quarter Book/ Adjusted Carrying Value
15.21 Bonds .....	\$ .....	\$ .....
15.22 Preferred Stock .....	\$ .....	\$ .....
15.23 Common Stock .....	\$ .....	\$ .....
15.24 Short-Term Investments .....	\$ .....	\$ .....
15.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
15.26 All Other .....	\$ .....	\$ .....
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 15.21 to Line 15.26) .....	\$ .....	\$ .....
15.28 Total Investment in Parent included in Line 15.21 to Line 15.26 above .....	\$ .....	\$ .....

16.1 Has the reporting entity entered into any hedging transactions reported on schedule DB? Yes ( ) No (X)

16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ( ) No ( )

If no, attach a description with this statement.

**GENERAL INTERROGATORIES (continued)**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.J-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
JPMorgan Chase Bank NA .....	221 W. 6th Street, Austin, TX 78701 .....
.....	.....
.....	.....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes ( ) No (X)

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
Southwest Securities .....	APS Financial Corp, .....	1301 S Capital of TX Hwy., Suite C-300 Austin, Tx 78746 .....
JPMorgan Chase Bk .....	Dana Investment Advisors .....	15800 W. Bluemound Rd. Suite 250, Brookfield, WI 53008-6003 .....
TD Waterhouse Institutional Services .....	Century Management .....	805 Las Cimas Pkwy., Suite 430, Austin, TX 78746 .....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

18.2 If no, list exceptions:

.....  
 .....

**GENERAL INTERROGATORIES (continued)**

PART 2

PROPERTY AND CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes ( ) No ( ) N/A (X)  
If yes, attach an explanation.
2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes ( ) No (X)  
If yes, attach an explanation.
- 3.1 Have any of the reporting entity's primary reinsurance contracts been cancelled? Yes ( ) No (X)
- 3.2 If yes, give full and complete information thereto  
.....  
.....  
.....
- 4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes ( ) No (X)
- 4.2 If yes, complete the Discount Schedule.

**SCHEDULE A - VERIFICATION**

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improv		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange		
7. Amount received on sales		
8. Book/adjusted carrying value at end of cur		
9. Total valuation allowance		
10. Subtotal (Line 8 plus Line 9)		
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

NONE

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after a		
3. Accrual of discount and mortgage interest		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during t		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange		
9. Book value/recorded investment excluding		
10. Total valuation allowance		
11. Subtotal (Line 9 plus Line 10)		
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

NONE

**SCHEDULE BA - VERIFICATION**

Other Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	1,142,559	1,162,835
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment	47,281	89,724
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		110,000
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period	1,189,840	1,142,559
10. Total valuation allowance		
11. Subtotal (Line 9 plus Line 10)	1,189,840	1,142,559
12. Total nonadmitted amounts		
13. Statement value of long term invested assets at end of current period (Page 2, Line 7, Column 3)	1,189,840	1,142,559

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	139,539,630	114,079,271
2. Cost of bonds and stocks acquired	45,459,616	62,145,580
3. Accrual of discount	153,587	203,335
4. Increase (decrease) by adjustment	(435,117)	41,084
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	700,741	(3,915)
7. Consideration for bonds and stocks disposed of	13,713,664	36,818,017
8. Amortization of premium	66,523	107,708
9. Book/adjusted carrying value, current period	171,638,270	139,539,630
10. Total valuation allowance		
11. Subtotal (Line 9 plus Line 10)	171,638,270	139,539,630
12. Total nonadmitted amounts		
13. Statement value	171,638,270	139,539,630

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
 During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	158,209,084	34,341,746	15,219,162	48,579	158,209,084	177,380,247		139,432,226
2. Class 2 .....								
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....								
7. Total Bonds .....	158,209,084	34,341,746	15,219,162	48,579	158,209,084	177,380,247		139,432,226
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock .....	158,209,084	34,341,746	15,219,162	48,579	158,209,084	177,380,247		139,432,226

**SCHEDULE DA - PART 1**

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals .....	11,975,014	X X X	11,975,014	56,366	.....

**SCHEDULE DA - PART 2 - VERIFICATION**

Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	4,353,930	3,985,594
2. Cost of short-term investments acquired .....	17,182,411	17,072,837
3. Increase (decrease) by adjustment .....		
4. Increase (decrease) by foreign exchange adjustment .....		
5. Total profit (loss) on disposal of short-term investments .....		9,572
6. Consideration received on disposal of short-term investments .....	9,561,327	16,714,073
7. Book / adjusted carrying value, current period .....	11,975,014	4,353,930
8. Total valuation allowance .....		
9. Subtotal (Line 7 plus Line 8) .....	11,975,014	4,353,930
10. Total nonadmitted amounts .....		
11. Statement value (Line 9 minus Line 10) .....	11,975,014	4,353,930
12. Income collected during period .....	155,943	193,586
13. Income earned during period .....	151,368	213,042

**Page 12**

Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open

**NONE**

**Page 13**

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets

**NONE**

**Page 14**

Schedule F - Ceded Reinsurance

**NONE**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

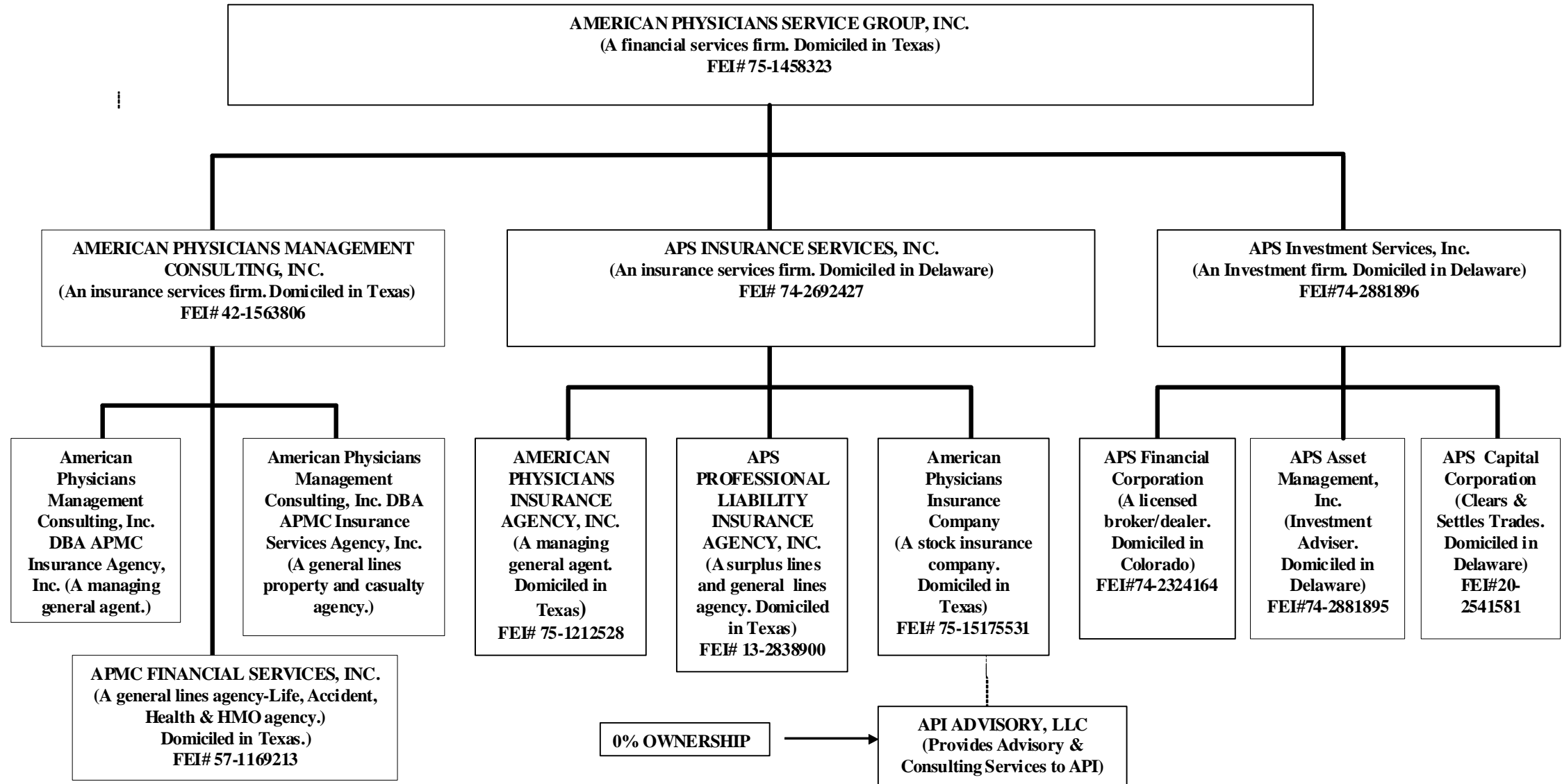
Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	No					
2. Alaska	AK	No					
3. Arizona	AZ	No					
4. Arkansas	AR	Yes	248,709	209,117		2,487,500	2,942,500
5. California	CA	No					
6. Colorado	CO	No					
7. Connecticut	CT	No					
8. Delaware	DE	No					
9. District of Columbia	DC	No					
10. Florida	FL	No					
11. Georgia	GA	No					
12. Hawaii	HI	No					
13. Idaho	ID	No					
14. Illinois	IL	No					
15. Indiana	IN	No					
16. Iowa	IA	No					
17. Kansas	KS	No					
18. Kentucky	KY	No					
19. Louisiana	LA	No					
20. Maine	ME	No					
21. Maryland	MD	No					
22. Massachusetts	MA	No					
23. Michigan	MI	No					
24. Minnesota	MN	No					
25. Mississippi	MS	No					
26. Missouri	MO	No					
27. Montana	MT	No					
28. Nebraska	NE	No					
29. Nevada	NV	No					
30. New Hampshire	NH	No					
31. New Jersey	NJ	No					
32. New Mexico	NM	No					
33. New York	NY	No					
34. North Carolina	NC	No					
35. North Dakota	ND	No					
36. Ohio	OH	No					
37. Oklahoma	OK	No					
38. Oregon	OR	No					
39. Pennsylvania	PA	No					
40. Rhode Island	RI	No					
41. South Carolina	SC	No					
42. South Dakota	SD	No					
43. Tennessee	TN	No					
44. Texas	TX	Yes	30,261,491	32,457,650	4,622,200	3,969,845	66,423,426
45. Utah	UT	No					
46. Vermont	VT	No					
47. Virginia	VA	No					
48. Washington	WA	No					
49. West Virginia	WV	No					
50. Wisconsin	WI	No					
51. Wyoming	WY	No					
52. American Samoa	AS	No					
53. Guam	GU	No					
54. Puerto Rico	PR	No					
55. U. S. Virgin Islands	VI	No					
56. Northern Mariana Islands	MP	No					
57. Canada	CN	No					
58. Aggregate Other Alien	OT	X X X					
59. Totals	(a) 2		30,510,200	32,666,767	4,622,200	3,969,845	68,910,926
<b>DETAILS OF WRITE-INS</b>							
5801.	X X X						
5802.	X X X						
5803.	X X X						
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X						
5899. TOTALS (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	X X X						

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**



**PART 1 - LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice-occurrence				
11.2 Medical malpractice-claims made	35,774,992	4,676,258	13.1	28.3
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
31. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business				
34. TOTALS	35,774,992	4,676,258	13.1	
<b>DETAILS OF WRITE-INS</b>				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33)				

**PART 2 - DIRECT PREMIUMS WRITTEN**

	1 Current Quarter	2 Current Year to Date	3 Prior Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical malpractice-occurrence			
11.2 Medical malpractice-claims made	15,044,602	30,510,200	32,666,767
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
31. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business			
34. TOTALS	15,044,602	30,510,200	32,666,767
<b>DETAILS OF WRITE-INS</b>			
3301.			
3302.			
3303.			
3398. Summary of remaining write-ins for Line 33 from overflow page			
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33)			

STATEMENT AS OF JUNE 30, 2007 OF THE American Physicians Insurance Company

**PART 3 (000 Omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Column 1 plus Column 2)	2007 Loss and LAE Payments on Claims Reported as of Prior Year-End	2007 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2007 Loss and LAE Payments (Column 4 plus Column 5)	Q. S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q. S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q. S. Date IBNR Loss and LAE Reserves	Total Q. S. Loss and LAE Reserves (Column 7 plus Column 8 plus Column 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings) / Deficiency (Column 4 plus Column 7 minus Column 1)	Prior-Year-End IBNR Loss and LAE Reserves Developed (Savings) / Deficiency (Column 5 plus Column 8 plus Column 9 minus Column 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings) / Deficiency (Column 11 plus Column 12)
1. 2004 + Prior	15,204	10,914	26,118	4,176		4,176	9,852		6,234	16,086	(1,176)	(4,680)	(5,856)
2. 2005	9,887	6,569	16,456	3,048	10	3,058	8,839	15	3,145	11,999	2,000	(3,399)	(1,399)
3. Subtotals 2005 + prior	25,091	17,483	42,574	7,224	10	7,234	18,691	15	9,379	28,085	824	(8,079)	(7,255)
4. 2006	20,882	17,729	38,611	3,222	22	3,244	19,533	384	14,338	34,255	1,873	(2,985)	(1,112)
5. Subtotals 2006 + prior	45,973	35,212	81,185	10,446	32	10,478	38,224	399	23,717	62,340	2,697	(11,064)	(8,367)
6. 2007	X X X	X X X	X X X	X X X	1,400	1,400	X X X	10,391	10,891	21,282	X X X	X X X	X X X
7. Totals	45,973	35,212	81,185	10,446	1,432	11,878	38,224	10,790	34,608	83,622	2,697	(11,064)	(8,367)
8. Prior Year-End's Surplus As Regards Policy-holders	45,551										Column 11, Line 7 As % of Column 1, Line 7	Column 12, Line 7 As % of Column 2, Line 7	Column 13, Line 7 As % of Column 3, Line 7
											1. 5.9 %	2. (31.4) %	3. (10.3) %
													Column 13, Line 7
													Line 8
													4. (18.4) %

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**Responses**

1. Will the Trusted Surplus Statement be filed with the state of domicile and the NAIC with this statement?

NO

EXPLANATION:

N/A

BARCODE:

Document Identifier 490:



2. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?

YES

EXPLANATION:

.....

BARCODE:

Document Identifier 450:

3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

EXPLANATION:

N/A

BARCODE:

Document Identifier 365:



**Page E01**

Sch. A, Pt. 2, Real Estate Acquired

**NONE**

Sch. A, Pt. 3, Real Estate Sold

**NONE**

**Page E02**

Schedule B, Part 1, Mortgage Loans Acquired

**NONE**

Schedule B, Part 2, Mortgage Loans Sold

**NONE**

**SCHEDULE BA - PART 1**

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost	10 Amount of Encumbrances	11 Book/Adjusted Carrying Value Less Encumbrances	12 Fair Value	13 Increase (Decrease) by Adjustment	14 Increase (Decrease) By Foreign Exchange Adjustment	15 Commitment for Additional Investment	16 Percentage of Ownership
		3 City	4 State												
Fixed or Variable Interest Rate Investments That Have the Underlying Characteristics of Other Fixed Income Instruments - Unaffiliated															
	Metropolitan Life Structured Annuity	New York	NY	Metropolitians Life Insurance Company	06704	08/01/2003		905,933		1,189,373	1,690,736	46,814			
1199999	- Subtotal - Fixed or Variable Interest Rate Investments That Have the Underlying Characteristics of Other Fixed Income Instruments - Unaffiliated							905,933		1,189,373	1,690,736	46,814			
3999999	- TOTAL - Unaffiliated							905,933		1,189,373	1,690,736	46,814			
4199999	- TOTALS							905,933		1,189,373	1,690,736	46,814			

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Book/Adjusted Carrying Value Less Encumbrances Prior Year	8 Increase (Decrease) by Adjustment	9 Increase (Decrease) by Foreign Exchange Adjustment	10 Book/Adjusted Carrying Value less Encumbrances on Disposal	11 Consideration Received	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) on Disposal	15 Investment Income
		3 City	4 State											
<b>NONE</b>														

STATEMENT AS OF JUNE 30, 2007 OF THE American Physicians Insurance Company

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U. S. Governments									
3133XF-LG-9	FHLB Agency Note NC		06/26/2007	Southwest Securities		1,003,390	1,000,000.00	2,188	1
912828-GM-6	US Treasury Note		04/10/2007	Southwest Securities		995,625	1,000,000.00	1,352	1
912828-GR-5	US Treasury Note		06/21/2007	Southwest Securities		989,609	1,000,000.00	5,136	1
912803-CX-9	US Treasury Principal Strip		06/14/2007	TD Ameritrade Inst Svcs		114,050	500,000.00		1
0399999	- Subtotal - Bonds - U. S. Governments					3,102,674	3,500,000.00	8,676	
Bonds - Political Subdivisions of States									
947100-MF-7	Weatherford TX GO CC		06/22/2007	Southwest Securities		997,500	1,000,000.00	7,000	1FE
2499999	- Subtotal - Bonds - Political Subdivisions of States					997,500	1,000,000.00	7,000	
Bonds - Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions									
31393F-6H-4	FHR 2522 AH		04/18/2007	Southwest Securities		1,206,510	1,228,000.00	3,940	1
31393M-RM-5	FHR 2586 HL		04/16/2007	Southwest Securities		997,228	1,044,217.92	2,088	1
31393W-6K-0	FHR 2640 AL		05/09/2007	Southwest Securities		1,003,743	1,022,597.44	1,662	1
31395C-Q3-8	FHR 2825 LE		05/15/2007	Southwest Securities		991,406	1,000,000.00	2,361	1
31396F-HS-5	FHR 3072 AE		06/28/2007	Southwest Securities		1,513,017	1,513,963.95	6,476	1
31397A-HX-4	FHR 3200 MX		05/07/2007	Southwest Securities		1,449,963	1,460,000.00	2,008	1
31397G-J5-0	FHR 3306 PB		06/22/2007	Southwest Securities		1,388,625	1,400,000.00	5,561	1
31397G-B9-0	FHR 3310 A		04/19/2007	Southwest Securities		996,250	1,000,000.00	4,028	1
31397J-GE-8	FHR 3330 PB		06/25/2007	Southwest Securities		993,125	1,000,000.00	4,278	1
31371M-3X-3	FNMA Pool #256514		06/20/2007	Southwest Securities		979,186	981,562.86	1,800	1
31371N-CL-7	FNMA Pool #256675		04/12/2007	Southwest Securities		999,453	1,018,226.80	2,263	1
31371N-CM-5	FNMA Pool #256676		05/22/2007	Southwest Securities		991,658	994,143.64	4,405	1
31371N-EW-1	FNMA Pool #256749		06/29/2007	Southwest Securities		1,481,878	1,481,877.71	2,717	1
31411L-5E-7	FNMA Pool #911745		04/24/2007	Southwest Securities		2,259,792	2,264,745.78	8,178	1
31413A-WS-8	FNMA Pool #939957		06/25/2007	Southwest Securities		989,051	990,908.59	1,817	1
31392H-C9-2	FNR 2003-9 BJ		04/04/2007	Southwest Securities		1,224,722	1,229,718.75	1,537	1
3199999	- Subtotal - Bonds - Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					19,465,606	19,629,963.44	55,117	
6099997	- Subtotal - Bonds - Part 3					23,565,780	24,129,963.44	70,793	
6099999	- Subtotal - Bonds					23,565,780	24,129,963.44	70,793	
Common Stocks - Public Utilities (Unaffiliated)									
302571-10-4	FPL Group Inc.		06/28/2007	Capital Institutional Ser	589.000	34,328			L
6699999	- Subtotal - Common Stocks - Public Utilities (Unaffiliated)					34,328			
Common Stocks - Banks, Trust and Insurance Companies (Unaffiliated)									
46625H-10-0	JP Morgan Chase & Co		06/28/2007	Capital Institutional Ser	777.000	37,990			L
744320-10-2	Prudential Financial Inc.		06/28/2007	Capital Institutional Ser	386.000	37,945			L
94973V-10-7	Wellpoint Inc		06/28/2007	Capital Institutional Ser	438.000	35,195			L
6799999	- Subtotal - Common Stocks - Banks, Trust and Insurance Companies (Unaffiliated)					111,131			
Common Stocks - Industrial and Miscellaneous (Unaffiliated)									
002824-10-0	Abbott Laboratories		06/28/2007	Capital Institutional Ser	655.000	35,287			L
009363-10-2	Airgas Inc		06/28/2007	Capital Institutional Ser	620.000	29,522			L
H01301-10-2	Alcon Inc		06/28/2007	Capital Institutional Ser	260.000	35,300			L
032095-10-1	Amphenol Corp - Class A		06/28/2007	Capital Institutional Ser	1,164.000	41,147			L
040790-10-7	Arkansas Best Corp		06/13/2007	TD Ameritrade Inst Svcs	1,300.000	50,710			L

(continues)

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

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**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous (Unaffiliated) (continued)									
00206R-10-2	AT&T Inc		06/28/2007	Capital Institutional Ser	364.000	14,718			L
058498-10-6	Ball Corp		06/28/2007	Capital Institutional Ser	557.000	29,585			L
075887-10-9	Becton Dickinson & Co		06/28/2007	Capital Institutional Ser	477.000	35,253			L
11133T-10-3	Broadridge Financial Solutions	F	04/03/2007	TD Ameritrade Inst Svcs	568.750	7,260			L
127387-10-8	Cadence Design Sys Inc		06/28/2007	Capital Institutional Ser	1,864.000	41,257			L
171340-10-2	Church & Dwight Co Inc		06/28/2007	Capital Institutional Ser	777.000	38,099			L
17275R-10-2	Cisco Systems Inc		06/28/2007	Capital Institutional Ser	1,463.000	41,337			L
191216-10-0	Coca-Cola Co		04/27/2007	TD Ameritrade Inst Svcs	1,325.000	68,941			L
219350-10-5	Corning Inc.		06/28/2007	Capital Institutional Ser	1,593.000	41,105			L
126650-10-0	CVS Corp		06/28/2007	Capital Institutional Ser	1,038.000	38,193			L
235851-10-2	Danaher Corp		06/28/2007	Capital Institutional Ser	486.000	36,402			L
254687-10-6	Disney, Walt		06/28/2007	Capital Institutional Ser	1,142.000	38,617			L
291011-10-4	Emerson Electric Co		06/28/2007	Capital Institutional Ser	764.000	36,225			L
518439-10-4	Estee Lauder Companies Cl A		06/28/2007	Capital Institutional Ser	834.000	38,168			L
337738-10-8	Fiserv Inc		06/28/2007	Capital Institutional Ser	714.000	40,987			L
354613-10-1	Franklin Resources Inc.		06/28/2007	Capital Institutional Ser	282.000	37,970			L
372917-10-4	Genzyme Corp		06/28/2007	Capital Institutional Ser	535.000	35,313			L
38141G-10-4	Goldman Sachs Group Inc		06/28/2007	Capital Institutional Ser	173.000	37,945			L
38259P-50-8	Google Inc.		06/28/2007	VARIOUS	203.000	100,143			L
38821G-10-1	Grant Prideco Inc.		06/28/2007	Capital Institutional Ser	733.000	39,612			L
413875-10-5	Harris Corp		06/28/2007	Capital Institutional Ser	760.000	40,959			L
428236-10-3	Hewlett-Packard Co		06/28/2007	Capital Institutional Ser	915.000	41,049			L
438516-10-6	Honeywell International Inc.		06/28/2007	Capital Institutional Ser	634.000	36,046			L
458140-10-0	Intel Corp		06/28/2007	VARIOUS	4,263.000	90,896			L
478366-10-7	Johnson Controls Inc		06/28/2007	Capital Institutional Ser	329.000	38,610			L
500255-10-4	Kohls Corp		06/28/2007	Capital Institutional Ser	542.000	38,706			L
524660-10-7	Leggett & Platt Inc		06/19/2007	TD Ameritrade Inst Svcs	2,725.000	60,172			L
565849-10-6	Marathon Oil Corp		06/28/2007	Capital Institutional Ser	648.000	39,335			L
574599-10-6	Masco Corp		04/13/2007	TD Ameritrade Inst Svcs	3,725.000	100,173			L
58155Q-10-3	McKesson Corp		06/28/2007	Capital Institutional Ser	584.000	35,329			L
552715-10-4	MEMC Electronic Materials		06/28/2007	Capital Institutional Ser	664.000	41,231			L
594918-10-4	Microsoft Corp		06/28/2007	Capital Institutional Ser	1,376.000	41,024			L
67066G-10-4	NVidia Corp		06/28/2007	Capital Institutional Ser	972.000	41,264			L
708160-10-6	Penney J C Inc.		06/28/2007	Capital Institutional Ser	534.000	38,806			L
713448-10-8	Pepsico Inc		06/28/2007	Capital Institutional Ser	582.000	38,147			L
740189-10-5	Precision Castparts Corp		06/28/2007	Capital Institutional Ser	310.000	36,285			L
855030-10-2	Staples Inc.		06/28/2007	Capital Institutional Ser	1,607.000	38,703			L
868536-10-3	Supervalu Inc		06/28/2007	Capital Institutional Ser	835.000	38,247			L
87612E-10-6	Target Corp		06/28/2007	Capital Institutional Ser	607.000	38,722			L
880779-10-3	Terex Corp		06/28/2007	Capital Institutional Ser	448.000	36,228			L
883203-10-1	Textron Inc		06/28/2007	Capital Institutional Ser	327.000	36,409			L
883556-10-2	Thermo Fisher Scientific Inc		06/28/2007	Capital Institutional Ser	680.000	35,239			L
G90078-10-9	Transocean Inc		06/28/2007	Capital Institutional Ser	370.000	39,322			L
913017-10-9	United Technologies Corp		06/28/2007	Capital Institutional Ser	508.000	36,267			L
982526-10-5	Wm Wrigley Jr Co		06/08/2007	ADP Clearing	437.000	22,990			L
983024-10-0	Wyeth		06/28/2007	Capital Institutional Ser	612.000	34,905			L
98310W-10-8	Wyndham Worldwide Corp		06/28/2007	Capital Institutional Ser	1,059.000	38,825			L
98385X-10-6	XTO Energy Inc		06/28/2007	Capital Institutional Ser	652.000	39,481			L
984249-10-2	YRC Worldwide Inc.		06/05/2007	TD Ameritrade Inst Svcs	1,325.000	52,346			L
98956P-10-2	Zimmer Holdings Inc		06/28/2007	Capital Institutional Ser	416.000	35,365			L

(continues)

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous (Unaffiliated) (continued)									
G02602-10-3	Amdocs Limited	F	06/28/2007	Capital Institutional Ser	1,025,000	41,220			L
6899999	Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					2,311,402			
7299997	Subtotal - Common Stocks - Part 3					2,456,861			
7299999	Subtotal - Common Stocks					2,456,861			
7399999	Subtotal - Preferred and Common Stocks					2,456,861			
7499999	TOTALS					26,022,641		70,793	

STATEMENT AS OF JUNE 30, 2007 OF THE American Physicians Insurance Company

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U. S. Governments																					
3128X2-X9-1	FHLMTN		04/18/2007	Southwest Securities		1,455,000	1,500,000.00	1,428,750	1,431,069		1,716		1,716		1,432,785		22,215	22,215	44,608	03/17/2016	1
3136F5-CD-1	FNMA		05/07/2007	Southwest Securities		1,438,042	1,460,000.00	1,421,675	1,423,316		1,479		1,479		1,424,795		13,246	13,246	54,409	02/20/2014	1
36202E-AY-5	GNMA II Pool #3623		06/20/2007	PRINCIPAL RECEIPT		59,463	59,462.88	60,058	60,046		(583)		(583)		59,463				1,237	10/20/2034	1
0399999	Subtotal - Bonds - U. S. Governments					2,952,504	3,019,462.88	2,910,483	2,914,431		2,612		2,612		2,917,043		35,461	35,461	100,254		
Bonds - Special Revenue and Special Assessment and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
31395W-DD-6	FHLMC 3010 SL		06/15/2007	PRINCIPAL RECEIPT		40,178	40,178.44	35,583			4,595		4,595		40,178				144	07/15/2035	1
31396H-F8-7	FHLMC 3107 ME		06/15/2007	PRINCIPAL RECEIPT		82,803	82,803.30	82,609			194		194		82,803				457	02/15/2024	1
31296W-NK-9	FHLMC Pool #A20394		06/15/2007	PRINCIPAL RECEIPT		18,975	18,974.69	19,239	19,207		(232)		(232)		18,975				284	04/01/2034	1
31297P-JS-1	FHLMC Pool #A33873		06/15/2007	PRINCIPAL RECEIPT		42,322	42,321.94	42,295	42,298		24		24		42,322				746	03/01/2035	1
3128KL-GN-1	FHLMC Pool #A57405		06/15/2007	PRINCIPAL RECEIPT		9,738	9,737.78	9,774			(37)		(37)		9,738				55	02/01/2037	1
31292J-BG-4	FHLMC Pool #C01839		06/15/2007	PRINCIPAL RECEIPT		61,494	61,493.88	61,446	61,447		47		47		61,494				1,120	05/01/2034	1
31294K-KT-1	FHLMC Pool #E01206		06/15/2007	PRINCIPAL RECEIPT		16,994	16,994.37	17,146	17,105		(111)		(111)		16,994				280	08/01/2017	1
31294K-KU-8	FHLMC Pool #E01207		06/15/2007	PRINCIPAL RECEIPT		12,866	12,866.47	13,132	13,059		(193)		(193)		12,866				209	09/01/2017	1
3128GV-BY-5	FHLMC Pool #E90955		06/15/2007	PRINCIPAL RECEIPT		8,092	8,091.64	8,185	8,160		(69)		(69)		8,092				134	08/01/2017	1
3128GV-BZ-2	FHLMC Pool #E90956		06/15/2007	PRINCIPAL RECEIPT		5,521	5,520.70	5,627	5,598		(78)		(78)		5,521				106	08/01/2017	1
3128H4-E8-8	FHLMC Pool #E96459		06/15/2007	PRINCIPAL RECEIPT		40,511	40,511.42	41,550	41,308		(797)		(797)		40,511				735	05/01/2018	1
3128MJ-AQ-3	FHLMC Pool #G08014		06/15/2007	PRINCIPAL RECEIPT		37,558	37,558.12	37,541	37,541		17		17		37,558				698	10/01/2034	1
3128MJ-A4-2	FHLMC Pool #G08026		06/15/2007	PRINCIPAL RECEIPT		36,679	36,679.25	36,759	36,752		(73)		(73)		36,679				622	12/01/2034	1
3128K3-N4-6	FHLMC Pool #G11311		06/15/2007	PRINCIPAL RECEIPT		11,706	11,705.63	11,980	11,905		(199)		(199)		11,706				228	10/01/2017	1
31392V-LW-0	FHLMC Remic 2496 DA		06/15/2007	PRINCIPAL RECEIPT		9,963	9,963.27	10,088	9,984		(21)		(21)		9,963				184	04/15/2029	1
31393F-JK-3	FHLMC Remic 2527 LG		06/15/2007	PRINCIPAL RECEIPT		13,346	13,345.72	13,339	13,342		3		3		13,346				220	02/15/2032	1
31393G-Y6-5	FHLMC Remic 2541 LM		06/15/2007	PRINCIPAL RECEIPT		18,598	18,597.74	18,441	18,514		84		84		18,598				358	03/15/2032	1
31393J-4D-7	FHLMC Remic 2554 JW		06/15/2007	PRINCIPAL RECEIPT		31,342	31,341.96	32,028	31,726		(384)		(384)		31,342				616	03/15/2028	1
31393H-S4-5	FHLMC Remic 2558 JS		06/15/2007	PRINCIPAL RECEIPT		37,876	37,876.44	36,989	37,027		849		849		37,876				649	06/15/2022	1
31393L-JD-6	FHLMC Remic 2564 GC		06/15/2007	PRINCIPAL RECEIPT		41,269	41,269.36	41,630	41,457		(188)		(188)		41,269				675	08/15/2030	1
31393K-U2-9	FHLMC Remic 2575 QP		06/15/2007	PRINCIPAL RECEIPT		12,837	12,837.08	12,701	12,765		72		72		12,837				208	11/15/2031	1
31393Q-WR-9	FHLMC Remic 2610 DG		06/15/2007	PRINCIPAL RECEIPT		42,781	42,781.31	41,498	41,713		1,068		1,068		42,781				620	03/15/2033	1
31393R-4P-2	FHLMC Remic 2617 BG		06/15/2007	PRINCIPAL RECEIPT		30,595	30,594.79	30,102	30,214		381		381		30,595				448	11/15/2030	1
31393V-P9-6	FHLMC Remic 2628 LE		06/15/2007	PRINCIPAL RECEIPT		83,473	83,472.68	80,689	81,303		2,170		2,170		83,473				1,058	06/15/2033	1
31393W-N5-4	FHLMC Remic 2644 EC		06/15/2007	PRINCIPAL RECEIPT		24,363	24,362.75	24,637	24,550		(187)		(187)		24,363				311	02/15/2018	1
31394T-RH-0	FHLMC Remic 2762 XC		06/15/2007	PRINCIPAL RECEIPT		23,365	23,364.65	22,978	23,057		308		308		23,365				350	12/15/2033	1
31394X-K5-4	FHLMC Remic 2772 QA		06/15/2007	PRINCIPAL RECEIPT		46,739	46,738.89	46,578	46,593		146		146		46,739				775	08/15/2032	1
31394W-G5-1	FHLMC Remic 2779 YA		06/15/2007	PRINCIPAL RECEIPT		35,808	35,808.19	35,321	35,459		349		349		35,808				568	01/15/2033	1
31395M-QS-1	FHLMC Remic 2935 LM		06/15/2007	PRINCIPAL RECEIPT		43,135	43,134.66	42,481	42,573		562		562		43,135				759	02/15/2035	1
31395P-ZJ-4	FHLMC Remic 2949 BV		06/15/2007	PRINCIPAL RECEIPT		43,099	43,098.63	43,233	43,235		(136)		(136)		43,099				877	12/15/2020	1
31395T-LX-0	FHLMC Remic 2963 BK		06/15/2007	PRINCIPAL RECEIPT		42,205	42,204.53	41,446	41,531		674		674		42,205				661	09/15/2034	1
31396C-SQ-4	FHLMC Remic 3048 QA		06/15/2007	PRINCIPAL RECEIPT		36,274	36,274.00	35,310	35,360		914		914		36,274				663	03/15/2024	1
31396G-AV-3	FHLMC Remic 3087 JB		06/15/2007	PRINCIPAL RECEIPT		45,506	45,505.65	45,378	45,386		120		120		45,506				1,035	03/15/2024	1
31396G-SH-5	FHLMC Remic 3098 MS		06/15/2007	PRINCIPAL RECEIPT		30,584	30,584.18	29,270			1,314		1,314		30,584				218	01/15/2036	1
31396N-M2-9	FHLMC Remic 3147 YE		06/15/2007	PRINCIPAL RECEIPT		29,950	29,949.92	29,641	29,657		293		293		29,950				674	07/15/2024	1
31396U-NL-0	FHLMC Remic 3188 CK		06/15/2007	PRINCIPAL RECEIPT		35,232	35,232.46	34,924			308		308		35,232				402	11/15/2032	1
31397A-HY-2	FHLMC Remic 3200 NA		06/15/2007	PRINCIPAL RECEIPT		36,566	36,566.14	36,555	36,555		11		11		36,566				795	10/15/2032	1
31397A-QG-1	FHLMC Remic 3203 MA		06/15/2007	PRINCIPAL RECEIPT		37,196	37,196.31	36,662	36,673		523		523		37,196				654	10/15/2032	1
31393M-RM-5	FHR 2586 HL		06/15/2007	PRINCIPAL RECEIPT		24,398	24,398.36	23,300			1,098		1,098		24,398				123	02/15/2023	1
31393W-6K-0	FHR 2640 AL		06/15/2007	PRINCIPAL RECEIPT		12,389	12,388.78	12,160			228		228		12,389					07/15/2022	1
31397G-B9-0	FHR 3310 A		06/15/2007	PRINCIPAL RECEIPT		20,044	20,044.48	19,969			75		75		20,044				156	06/15/2028	1
31371K-GB-1	FNMA Pool #254094		06/25/2007	PRINCIPAL RECEIPT		2,246	2,246.49	2,242	2,242		4		4		2,246				48	11/01/2031	1
31371K-UK-5	FNMA Pool #254486		06/25/2007	PRINCIPAL RECEIPT		14,463	14,462.72	14,752	14,676		(213)		(213)		14,463				277	09/01/2017	1

(continues)  
(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues

STATEMENT AS OF JUNE 30, 2007 OF THE American Physicians Insurance Company

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - Special Revenue and Special Assessment and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions (continued)																					
31371K-WE-7	FNMA Pool #254545		06/25/2007	PRINCIPAL RECEIPT		15,063	15,063.10	15,430	15,373		(310)		(310)		15,063				317	12/01/2017	1
31371M-KF-3	FNMA Pool #255994		06/25/2007	PRINCIPAL RECEIPT		38,900	38,900.36	38,876			24		24		38,900				522	11/01/2025	1
31371M-PJ-0	FNMA Pool #256125		06/25/2007	PRINCIPAL RECEIPT		29,663	29,662.60	29,218			445		445		29,663				490	01/01/2026	1
31371M-RT-6	FNMA Pool #256198		06/25/2007	PRINCIPAL RECEIPT		33,514	33,514.24	32,996	32,996		519		519		33,514				711	04/01/2026	1
31371M-SX-6	FNMA Pool #256234		06/25/2007	PRINCIPAL RECEIPT		53,563	53,563.37	53,463	53,463		101		101		53,563				1,102	05/01/2026	1
31371M-T5-6	FNMA Pool #256272		06/25/2007	PRINCIPAL RECEIPT		53,538	53,537.62	53,078	53,080		457		457		53,538				1,098	06/01/2026	1
31371N-CL-7	FNMA Pool #256675		06/25/2007	PRINCIPAL RECEIPT		8,502	8,502.16	8,345			157		157		8,502				60	04/01/2027	1
31371N-CM-5	FNMA Pool #256676		06/25/2007	PRINCIPAL RECEIPT		5,433	5,432.79	5,419			14		14		5,433				25	04/01/2027	1
31387A-W6-8	FNMA Pool #578569		06/25/2007	PRINCIPAL RECEIPT		3,211	3,210.87	3,207	3,207		4		4		3,211				57	04/01/2031	1
31387C-P3-9	FNMA Pool #580142		06/25/2007	PRINCIPAL RECEIPT		24,569	24,568.88	24,365	24,372		197		197		24,569				503	07/01/2031	1
31390K-3W-6	FNMA Pool #648913		06/25/2007	PRINCIPAL RECEIPT		10,134	10,134.39	10,339	10,284		(150)		(150)		10,134				208	10/01/2017	1
31402D-C4-0	FNMA Pool #725591		06/25/2007	PRINCIPAL RECEIPT		56,972	56,971.86	57,453	57,445		(473)		(473)		56,972				1,196	07/01/2034	1
31404J-3Y-9	FNMA Pool #770415		06/25/2007	PRINCIPAL RECEIPT		32,288	32,288.15	32,722	32,670		(382)		(382)		32,288				542	04/01/2034	1
31406N-RB-2	FNMA Pool #815082		06/25/2007	PRINCIPAL RECEIPT		40,637	40,637.47	41,145	41,138		(501)		(501)		40,637				809	05/01/2035	1
31409G-GX-8	FNMA Pool #870614		06/25/2007	PRINCIPAL RECEIPT		29,975	29,974.97	29,361			614		614		29,975				108	06/01/2036	1
31411D-S7-5	FNMA Pool #905142		06/25/2007	PRINCIPAL RECEIPT		17,556	17,555.79	17,591			(36)		(36)		17,556				114	02/01/2037	1
31411L-5E-7	FNMA Pool #911745		06/25/2007	PRINCIPAL RECEIPT		43,913	43,913.28	43,817			96		96		43,913				94	12/01/2021	1
31392E-FG-0	FNMA Remic 2002-55 AD		06/25/2007	PRINCIPAL RECEIPT		14,953	14,952.61	15,219	15,016		(64)		(64)		14,953				262	04/25/2029	1
31392E-N5-5	FNMA Remic 2002-64 AB		06/25/2007	PRINCIPAL RECEIPT		13,586	13,585.79	13,713	13,603		(18)		(18)		13,586				270	08/26/2032	1
31393U-UC-5	FNMA Remic 2003-134 ME		06/25/2007	PRINCIPAL RECEIPT		30,193	30,193.29	29,863	29,942		252		252		30,193				453	06/25/2033	1
31392J-Y5-2	FNMA Remic 2003-21 OV		06/25/2007	PRINCIPAL RECEIPT		36,011	36,011.20	35,015	35,130		881		881		36,011				503	03/25/2033	1
31392J-3M-9	FNMA Remic 2003-21 PJ		06/25/2007	PRINCIPAL RECEIPT		27,228	27,228.20	26,922	27,025		203		203		27,228				465	12/25/2031	1
31393C-AR-4	FNMA Remic 2003-34 VD		06/25/2007	PRINCIPAL RECEIPT		41,496	41,495.86	41,198	41,319		177		177		41,496				594	01/25/2032	1
31392H-RQ-8	FNMA Remic 2003-4 AD		06/25/2007	PRINCIPAL RECEIPT		45,130	45,130.37	44,538			592		592		45,130				398	06/25/2032	1
31393E-BF-5	FNMA Remic 2003-74 AE		06/25/2007	PRINCIPAL RECEIPT		59,673	59,672.58	58,647	58,978		695		695		59,673				835	02/25/2031	1
31393E-AE-9	FNMA Remic 2003-74 PJ		06/25/2007	PRINCIPAL RECEIPT		37,951	37,950.56	36,433	36,841		1,109		1,109		37,951				497	08/25/2033	1
31393E-FX-2	FNMA Remic 2003-79 NL		06/25/2007	PRINCIPAL RECEIPT		43,390	43,389.73	41,756	41,833		1,556		1,556		43,390				718	05/25/2022	1
31394U-HX-3	FNMA Remic 2005-102 SD		06/25/2007	PRINCIPAL RECEIPT		63,968	63,967.60	62,029	62,100		1,868		1,868		63,968				936	11/25/2035	1
31394E-JC-3	FNMA Remic 2005-55 LC		06/25/2007	PRINCIPAL RECEIPT		43,707	43,706.85	43,536	43,549		158		158		43,707				876	03/25/2024	1
31394U-GN-6	FNMA Remic 2005-98 SX		06/25/2007	PRINCIPAL RECEIPT		13,880	13,880.04	13,785	13,721		159		159		13,880				246	12/25/2034	1
31395D-GA-1	FNMA Remic 2006-39 ST		06/25/2007	PRINCIPAL RECEIPT		10,630	10,630.07	10,338	10,295		335		335		10,630				248	05/25/2036	1
31395D-BP-3	FNMA Remic 2006-40 VA		06/25/2007	PRINCIPAL RECEIPT		26,795	26,795.43	26,511	26,523		273		273		26,795				617	04/25/2017	1
31392H-C9-2	FNR 2003-9 BJ		06/25/2007	PRINCIPAL RECEIPT		38,122	38,121.54	37,967			155		155		38,122				159	10/25/2022	1
38374F-H4-9	GNMA Remic 2004-17 HG		06/20/2007	PRINCIPAL RECEIPT		30,873	30,873.28	30,290	30,433		440		440		30,873				515	10/20/2033	1
38374M-EQ-8	GNMA Remic 2005-84 SC		06/18/2007	PRINCIPAL RECEIPT		106,571	106,570.88	104,126	103,533		3,038		3,038		106,571				1,562	11/16/2035	1
3199999 - Subtotal - Bonds - Special Revenue and Special Assessment and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						2,512,668	2,512,667.55	2,485,917	1,983,843		26,100		26,100		2,512,668				38,309		
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
000780-KN-5	AMAC 2003-7 A2		06/25/2007	PRINCIPAL RECEIPT		31,831	31,831.44	32,766	32,429		(598)		(598)		31,831				527	07/25/2018	1FE
05946X-FF-5	BAFC 2003-3 2A2		06/25/2007	PRINCIPAL RECEIPT		93,155	93,154.87	94,319	93,981		(826)		(826)		93,155				1,687	10/25/2018	1FE
05948K-4E-6	BOAA 2006-3 2CB1		06/25/2007	PRINCIPAL RECEIPT		37,566	37,566.07	37,449	37,456		110		110		37,566				803	04/25/2036	1FE
05948P-AV-0	BOAMS 2003-1 2A1		06/25/2007	PRINCIPAL RECEIPT		22,879	22,879.20	23,465	23,188		(308)		(308)		22,879				493	02/25/2018	1FE
05948X-HJ-3	BOAMS 2003-4 1A67		06/25/2007	PRINCIPAL RECEIPT		29,914	29,914.34	30,466	30,179		(265)		(265)		29,914				496	06/25/2033	1FE
05948X-VR-9	BOAMS 2003-8 1A1		06/26/2007	PRINCIPAL RECEIPT		59,229	59,229.16	60,386	59,456		(227)		(227)		59,229				1,175	11/25/2033	1FE
16162W-FP-9	Chase 2003-S15 2A9		06/26/2007	PRINCIPAL RECEIPT		8,625	8,624.62	8,838	8,666		(41)		(41)		8,625				177	01/25/2034	1FE
16162T-SL-6	Chase 2003-S5 A5		06/26/2007	PRINCIPAL RECEIPT		26,473	26,472.92	27,251	26,807		(334)		(334)		26,473				504	06/25/2033	1FE
16162W-HL-6	Chase 2004-S1 A7		06/26/2007	PRINCIPAL RECEIPT		20,123	20,122.79	19,651	19,198		925		925		20,123				300	02/25/2019	1FE
172973-UJ-6	CMSI 2003-11 2A2		06/26/2007	PRINCIPAL RECEIPT		26,341	26,341.40	26,160	26,298		43		43		26,341				511	12/25/2033	1FE
(continues)																					

STATEMENT AS OF JUNE 30, 2007 OF THE American Physicians Insurance Company

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous (Unaffiliated) (continued)																					
22541Q-PW-6	CSFB 2003-21 3A1		06/26/2007	PRINCIPAL RECEIPT		70,561	70,560.82	72,104	70,638		(77)		(77)		70,561				1,453	08/25/2033	1FE
22541S-HE-1	CSFB 2004-3 DB2		06/26/2007	PRINCIPAL RECEIPT		7,622	7,622.18	7,346	7,471		151		151		7,622				173	04/25/2034	1FE
22541S-VQ-8	CSFB 2004-4 DB2		06/26/2007	PRINCIPAL RECEIPT		7,460	7,459.59	7,310	7,341		118		118		7,460				154	08/25/2034	1FE
2254W0-HF-5	CSFB 2004-6 3A2		06/25/2007	PRINCIPAL RECEIPT		28,558	28,558.16	28,969	28,907		(349)		(349)		28,558				606	09/25/2019	1FE
22541S-X2-9	CSFB 2004-8 6A1		06/26/2007	PRINCIPAL RECEIPT		19,653	19,652.84	19,748	19,734		(81)		(81)		19,653				338	12/25/2019	1FE
22541S-Z7-6	CSFB 2004-8 DB2		06/26/2007	PRINCIPAL RECEIPT		6,156	6,155.51	6,110	6,123		32		32		6,156				128	11/25/2034	1FE
225458-BS-6	CSFB 2005-1 3A2		06/25/2007	PRINCIPAL RECEIPT		8,082	8,081.78	8,082	8,082						8,082				165	02/25/2035	1FE
225458-LV-8	CSFB 2005-3 DB2		06/26/2007	PRINCIPAL RECEIPT		9,113	9,113.03	9,406	9,378		(265)		(265)		9,113				197	07/25/2035	1FE
225458-G4-4	CSFB 2005-7 4A2		06/25/2007	PRINCIPAL RECEIPT		31,035	31,035.42	31,016	31,019		16		16		31,035				618	08/25/2034	1FE
12637H-AV-0	CSMC 2006-4 6A2		06/25/2007	PRINCIPAL RECEIPT		73,899	73,899.31	73,357	73,384		515		515		73,899				1,688	05/25/2036	1FE
12667F-7S-8	CWALT 2005-4 B1		06/26/2007	PRINCIPAL RECEIPT		7,881	7,881.41	8,002	7,983		(101)		(101)		7,881				159	04/25/2035	1FE
23244E-AK-3	CWALT 2006-J6 B1		06/25/2007	PRINCIPAL RECEIPT		1,988	1,987.78	1,958	1,958		30		30		1,988				31	09/25/2036	1FE
12669D-LJ-5	CWHL 2002-32 3A1		06/25/2007	PRINCIPAL RECEIPT		6,942	6,941.74	7,129	7,028		(86)		(86)		6,942				131	01/25/2033	1FE
12669E-JN-7	CWHL 2003-J5 1A3		06/25/2007	PRINCIPAL RECEIPT		48,528	48,527.60	49,953	48,873		(345)		(345)		48,528				938	07/25/2033	1FE
12669E-XB-7	CWHL 2003-J7 1A1		06/25/2007	PRINCIPAL RECEIPT		15,900	15,899.53	15,805	15,583		316		316		15,900				283	08/25/2033	1FE
12669F-PW-7	CWHL 2004-3 A22		06/25/2007	PRINCIPAL RECEIPT		19,349	19,349.14	19,851	19,462		(113)		(113)		19,349				371	04/25/2034	1FE
12669G-V9-9	CWHL 2005-J2 3A10		06/26/2007	PRINCIPAL RECEIPT		185	184.62	132	133		52		52		185					08/25/2035	1FE
126694-XX-1	CWHL 2006-J1 3A1		06/25/2007	PRINCIPAL RECEIPT		34,928	34,927.54	34,955	34,952		(24)		(24)		34,928				796	02/25/2036	1FE
32051D-YH-9	FHASI 2003-5 1A14		06/25/2007	PRINCIPAL RECEIPT		43,663	43,662.64	44,945	44,683		(1,020)		(1,020)		43,663				887	07/25/2033	1FE
32051D-Z2-1	FHASI 2004-3 1A1		06/25/2007	PRINCIPAL RECEIPT		30,563	30,563.21	31,012	30,765		(202)		(202)		30,563				635	06/25/2034	1FE
32051G-LE-3	FHASI 2005-2 2A2		06/25/2007	PRINCIPAL RECEIPT		62,525	62,524.91	62,642	62,629		(104)		(104)		62,525				1,085	05/25/2020	1FE
36242D-GG-3	GSR 2005-5F 2A12		06/26/2007	PRINCIPAL RECEIPT		39,409	39,409.14	35,259	35,259		4,150		4,150		39,409				188	06/25/2035	1FE
576434-QT-4	MALT 2004-4 B1		06/26/2007	PRINCIPAL RECEIPT		17,046	17,046.08	16,780	16,822		224		224		17,046				371	05/25/2034	1FE
576434-TJ-3	MALT 2004-7 6A2		06/26/2007	PRINCIPAL RECEIPT		17,308	17,308.30	17,503	17,481		(173)		(173)		17,308				305	08/25/2024	1FE
55265K-QU-6	MASTR 2003-1 3A2		06/26/2007	PRINCIPAL RECEIPT		18,150	18,150.42	18,530	18,346		(196)		(196)		18,150				358	02/25/2018	1FE
55265K-T2-5	MASTR 2003-10 1A2		06/25/2007	PRINCIPAL RECEIPT		86,493	86,493.40	87,142	86,996		(503)		(503)		86,493				1,616	11/25/2023	1FE
55265K-3H-0	MASTR 2003-11 5A2		06/25/2007	PRINCIPAL RECEIPT		9,536	9,535.63	9,661	9,622		(87)		(87)		9,536				193	12/25/2023	1FE
55265K-3M-9	MASTR 2003-12 3A1		06/25/2007	PRINCIPAL RECEIPT		17,786	17,785.68	18,169	18,001		(215)		(215)		17,786				417	12/25/2033	1FE
76111X-GN-7	RFMSI 2004-S3 A1		06/25/2007	PRINCIPAL RECEIPT		23,600	23,599.67	24,020	23,867		(268)		(268)		23,600				463	03/25/2019	1FE
76111X-HC-0	RFMSI 2004-S4 1A5		06/25/2007	PRINCIPAL RECEIPT		28,744	28,743.54	29,107	28,897		(153)		(153)		28,744				643	04/25/2034	1FE
86359A-X6-5	SASC 2003-29- 5A1		06/25/2007	PRINCIPAL RECEIPT		44,581	44,580.61	44,831	44,728		(147)		(147)		44,581				873	09/25/2033	1FE
863576-BP-8	SASC 2005-6 2A9		06/26/2007	PRINCIPAL RECEIPT		3	3.28	3	3						3					05/25/2035	1FE
939336-HZ-9	WAMMS 2002-MS8 2A1		06/25/2007	PRINCIPAL RECEIPT		11,960	11,960.20	12,248	12,116		(156)		(156)		11,960				241	12/25/2017	1FE
929227-C5-3	WAMU 2002-S8 2A7		06/25/2007	PRINCIPAL RECEIPT		17,906	17,906.06	18,398	18,183		(277)		(277)		17,906				337	01/25/2018	1FE
92922F-GA-0	WAMU 2003-S10 A2		06/25/2007	PRINCIPAL RECEIPT		44,016	44,016.00	44,800	44,573		(557)		(557)		44,016				830	10/25/2018	1FE
949780-AA-8	WFMBS 2003-6 1A1		06/25/2007	PRINCIPAL RECEIPT		47,277	47,277.48	48,681	48,341		(1,063)		(1,063)		47,277				852	06/25/2018	1FE
94983F-AC-4	WFMBS 2006-1 A3		06/25/2007	PRINCIPAL RECEIPT		55,158	55,157.67	54,572	54,585		572		572		55,158				1,048	03/25/2021	1FE
4599999	- Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					1,369,699	1,369,698.73	1,380,290	1,334,388		(1,906)		(1,906)		1,369,699				26,242		
6099997	- Subtotal - Bonds - Part 4					6,834,871	6,901,829.16	6,776,689	6,232,662		26,807		26,807		6,799,410		35,461		35,461	164,806	
6099999	- Subtotal - Bonds					6,834,871	6,901,829.16	6,776,689	6,232,662		26,807		26,807		6,799,410		35,461		35,461	164,806	
Common Stocks - Banks, Trust and Insurance Companies (Unaffiliated)																					
084670-20-7	Berkshire Hathaway Inc		06/08/2007	ADP Clearing	100.000	361,393		192,260	366,600	(174,340)			(174,340)		192,260		169,133		169,133		L
200519-10-6	Commerce Bancorp Inc.		06/08/2007	ADP Clearing	5,000.000	167,534		140,575	149,898	(33,886)			(33,886)		140,575		26,959		26,959	1,203	L
78442P-10-6	SLM Corp		04/20/2007	ADP Clearing	3,750.000	203,506		149,289	121,925	(25,924)			(25,924)		149,289		54,217		54,217	938	L
94973V-10-7	Wellpoint Inc.		06/08/2007	ADP Clearing	1,750.000	141,870		131,178	98,363	(5,011)			(5,011)		131,178		10,692		10,692		L
6799999	- Subtotal - Common Stocks - Banks, Trust and Insurance Companies (Unaffiliated)					874,304		613,302	736,785	(239,161)			(239,161)		613,302		261,001		261,001	2,140	

STATEMENT AS OF JUNE 30, 2007 OF THE American Physicians Insurance Company

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
031162-10-0	Amgen		06/08/2007	ADP Clearing	2,500.000	140,998		118,788	170,775	(51,988)			(51,988)		118,788		22,210	22,210			L
037833-10-0	Apple Computer Inc.		06/08/2007	ADP Clearing	1,750.000	216,348		108,419	148,470	(40,051)			(40,051)		108,419		107,929	107,929			L
053015-10-3	Automatic Data Processing Inc		04/03/2007	COST ADJ		7,260		7,260	7,260						7,260						L
11133T-10-3	Broadridge Financial Solutions	F	05/03/2007	TD Ameritrade Inst Svcs	568.750	11,512		7,260							7,260		4,252	4,252			L
12512N-10-5	CDW Corp		05/31/2007	TD Ameritrade Inst Svcs	305.000	25,575		19,835	21,448	(1,613)			(1,613)		19,835		5,740	5,740			L
260561-10-5	Dow Jones & Co		05/09/2007	TD Ameritrade Inst Svcs	4,310.000	229,287		150,917	163,780	(12,863)			(12,863)		150,917		78,370	78,370	2,155		L
518439-10-4	Estee Lauder Companies Cl A		04/12/2007	TD Ameritrade Inst Svcs	655.000	32,412		21,838	26,737	(4,900)			(4,900)		21,838		10,574	10,574			L
302130-10-9	Expeditors Intl Washington		06/08/2007	ADP Clearing	2,500.000	104,134		102,073							102,073		2,061	2,061	350		L
349882-10-0	Fossil Inc		05/03/2007	TD Ameritrade Inst Svcs	2,675.000	72,971		46,281	60,402	(14,121)			(14,121)		46,281		26,690	26,690			L
38259P-50-8	Google Inc		06/08/2007	ADP Clearing	125.000	63,769		59,142							59,142		4,627	4,627			L
524901-10-5	Legg Mason Inc		06/08/2007	ADP Clearing	1,250.000	121,702		143,740	118,813	24,927			24,927		143,740		(22,037)	(22,037)	525		L
535678-10-6	Linear Technology Corp		06/08/2007	ADP Clearing	2,500.000	87,698		90,806	75,800	15,006			15,006		90,806		(3,107)	(3,107)	1,215		L
585055-10-6	Medtronic Inc		06/08/2007	ADP Clearing	3,250.000	166,683		169,824	173,908	(4,084)			(4,084)		169,824		(3,141)	(3,141)	715		L
651229-10-6	Newell Rubbermaid Inc		04/03/2007	TD Ameritrade Inst Svcs	1,795.000	56,077		42,715	51,965	(9,250)			(9,250)		42,715		13,362	13,362	377		L
742718-10-9	Procter & Gamble		06/08/2007	ADP Clearing	2,500.000	155,947		137,770	160,675	(22,906)			(22,906)		137,770		18,177	18,177	1,650		L
747525-10-3	Qualcomm Inc		06/08/2007	ADP Clearing	3,250.000	135,489		152,078	122,818	29,261			29,261		152,078		(16,589)	(16,589)	1,235		L
90333E-10-8	USEC Inc		05/07/2007	TD Ameritrade Inst Svcs	4,800.000	91,004		53,492	61,056	(7,564)			(7,564)		53,492		37,512	37,512			L
92220P-10-5	Varian Medical Systems Inc		06/08/2007	ADP Clearing	3,250.000	130,777		131,593	118,925	(21,624)			(21,624)		131,593		(816)	(816)			L
384802-10-4	W W Grainger Inc		05/17/2007	TD Ameritrade Inst Svcs	445.000	37,284		24,293	31,123	(6,830)			(6,830)		24,293		12,991	12,991	129		L
959802-10-9	Western Union Co		06/08/2007	ADP Clearing	6,250.000	135,691		116,269	140,125	(23,856)			(23,856)		116,269		19,422	19,422			L
963320-10-6	Whirlpool Corp		05/16/2007	TD Ameritrade Inst Svcs	209.000	23,189		18,309	17,351	958			958		18,309		4,879	4,879	180		L
966837-10-6	Whole Foods Market Inc		06/08/2007	ADP Clearing	3,750.000	144,012		182,110	117,325	7,596			7,596		182,110		(38,098)	(38,098)	1,125		L
982526-10-5	Wm Wrigley Jr Co		06/08/2007	ADP Clearing	2,187.000	123,388		114,957	90,510	1,457			1,457		114,957		8,431	8,431	956		L
982526-20-4	Wm Wrigley Jr Co Cl B		06/08/2007	ADP Clearing	437.000	22,965		22,965							22,965				239		L
984332-10-6	Yahoo, Inc		06/08/2007	ADP Clearing	5,000.000	136,097		151,385	127,700	23,685			23,685		151,385		(15,287)	(15,287)			L
689999	Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					2,472,272		2,194,118	2,029,426	(118,254)			(118,254)		2,194,118		278,154	278,154	10,850		L
729997	Subtotal - Common Stocks - Part 4					3,346,576		2,807,420	2,766,211	(357,414)			(357,414)		2,807,420		539,155	539,155	12,990		L
729999	Subtotal - Common Stocks					3,346,576		2,807,420	2,766,211	(357,414)			(357,414)		2,807,420		539,155	539,155	12,990		L
739999	Subtotal - Preferred and Common Stocks					3,346,576		2,807,420	2,766,211	(357,414)			(357,414)		2,807,420		539,155	539,155	12,990		L
749999	TOTALS					10,181,447		9,584,110	8,998,873	(357,414)	26,807		(330,607)		9,606,830		574,617	574,617	177,796		L

E05.3

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Schedule DB, Part A, Section 1

**NONE**

Schedule DB, Part B, Section 1

**NONE**

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Schedule DB, Part C, Section 1

**NONE**

Schedule DB, Part D, Section 1

**NONE**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Name	Location and Supplemental Information	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
JPMorgan Chase Bank	Austin, TX Operating Account					(720,388)	(849,953)	27,414	
JPMorgan Chase Bank	Austin, TX Custodial Clearing					8,250	25,576		
TD Waterhouse Ameritrade	New York TD Ameritrade Institutional Services			1,076		185,926	497,140	259,877	
Wedgewood Partners, Inc.	ADP Clearing			2,127		286,803	230,469	455	
0199999 - TOTAL - Open Depositories				3,203		(239,409)	(96,769)	287,746	
0399999 - TOTAL Cash on Deposit				3,203		(239,409)	(96,769)	287,746	
0599999 - TOTALS				3,203		(239,409)	(96,769)	287,746	

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Schedule E, Part 2, Cash Equivalents

**NONE**



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2007 OF THE American Physicians Insurance Company

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

The type of health care providers reported on this page is: Physicians, including surgeons and osteopaths

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR	248,709	360,863			(615,000)	2,437,500	13	
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX	30,060,809	35,123,109	4,614,700	42	5,502,258	35,273,732	738	30,968,194
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U. S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate Other Alien OT								
59. Totals	30,309,518	35,483,971	4,614,700	42	4,887,258	37,711,232	751	30,968,194
<b>DETAILS OF WRITE-INS</b>								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page								
5899. Totals (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)								



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2007 OF THE American Physicians Insurance Company

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

The type of health care providers reported on this page is: Other health care professionals, including dentists

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR		4,918				50,000	2	
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX	200,682	286,104	7,500	1	(211,000)	181,500	11	
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U. S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate Other Alien OT								
59. Totals	200,682	291,021	7,500	1	(211,000)	231,500	13	
<b>DETAILS OF WRITE-INS</b>								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page								
5899. Totals (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)								