



AFFIX BAR CODE ABOVE

QUARTERLY STATEMENT

AS OF JUNE 30, 2008

OF THE CONDITION AND AFFAIRS OF THE

American Physicians Insurance Company

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

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

Main Administrative Office 1301 Capital of Texas Hwy., Suite C-300, Austin, Texas 78746 512 314-4330
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1301 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 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 bwood@amph.com

Statutory Statement Contact Bruce Edwin Wood (Name) 512 314-4330 (Area Code) (Telephone Number) (Extension)
bwood@amph.com (E-Mail Address) 512 314-4398 (Fax Number)

OFFICERS

Maury L. Magids (President)
Jay R. Tidey (Treasurer)
Marc J. Zimmermann (Chief Financial Officer & Secretary)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

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

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.

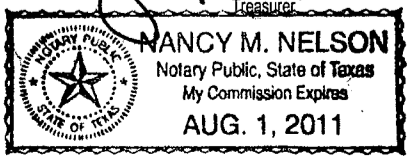
Maury L. Magids
President

Jay R. Tidey
Treasurer

Marc J. Zimmermann
Chief Financial Officer & Secretary

Subscribed and sworn to before me this
14th day of August, 2008

Nancy M. Nelson



- 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	165,644,053		165,644,053	157,873,843
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	5,525,306		5,525,306	6,296,671
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 (\$ (645,751)), cash equivalents (\$) and short-term investments (\$ 13,124,709)	12,478,958		12,478,958	10,466,751
6. Contract loans (including \$ premium notes)				
7. Other invested assets	1,057,518		1,057,518	1,238,929
8. Receivables for securities				
9. Aggregate write-ins for invested assets	184,995		184,995	183,005
10. Subtotals, cash and invested assets (Line 1 to Line 9)	184,890,830		184,890,830	176,059,199
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	1,120,336		1,120,336	938,733
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	16,298,652	540	16,298,112	15,945,946
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	227,165		227,165	349,406
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts	2,443		2,443	4,535,324
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	7,133,663	3,252,331	3,881,332	3,397,087
17. Guaranty funds receivable or on deposit	207,450		207,450	240,367
18. Electronic data processing equipment and software	1,125,753		1,125,753	846,873
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				
22. Health care (\$) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	22,207	10,381	11,826	17,097
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	211,028,499	3,263,252	207,765,247	202,330,032
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Totals (Line 24 and Line 25)	211,028,499	3,263,252	207,765,247	202,330,032
DETAILS OF WRITE-INS				
0901. Directors & Officer Trust	184,995		184,995	183,005
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)	184,995		184,995	183,005
2301. Pre Paid Expenses	10,381	10,381		
2302. Accounts Receivable Other	11,826		11,826	17,097
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)	22,207	10,381	11,826	17,097

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 8,178,501)	39,967,267	42,115,728
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	39,859,640	39,396,951
4. Commissions payable, contingent commissions and other similar charges	265,453	309,426
5. Other expenses (excluding taxes, licenses and fees)	159,094	242,646
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))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 240,466 and including warranty reserves of \$)	33,386,390	35,098,737
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders	149,427	227,149
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	43,751	406,599
13. Funds held by company under reinsurance treaties	5,399,073	4,651,393
14. Amounts withheld or retained by company for account of others	70,822	315,165
15. Remittances and items not allocated	2,479,596	1,848,934
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	1,906,620	544,626
20. Payable for securities	64,465	
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	123,751,598	125,157,354
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	123,751,598	125,157,354
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	10,000,000	10,000,000
29. Preferred capital stock	9,198	10,198
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	46,845,538	45,284,974
33. Unassigned funds (surplus)	27,158,912	21,877,506
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)	84,013,648	77,172,678
36. Totals	207,765,246	202,330,032
DETAILS OF WRITE-INS		
2301.		
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)		
2701.		
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)		
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
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 29,859,789)	31,649,454	35,774,992	69,954,426
1.2 Assumed (written \$)			
1.3 Ceded (written \$ (376,538))	(299,220)	(981,657)	(2,395,202)
1.4 Net (written \$ 30,236,327)	31,948,674	36,756,649	72,349,628
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 8,228,501):			
2.1 Direct	507,574	4,676,258	554,779
2.2 Assumed	(1,000)	(179,000)	(180,002)
2.3 Ceded	(1,634,737)	(3,571,563)	(7,894,105)
2.4 Net	2,141,311	8,068,821	8,268,882
3. Loss adjustment expenses incurred	7,185,571	6,248,747	16,965,856
4. Other underwriting expenses incurred	5,634,076	6,068,223	12,761,111
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Line 2 through Line 5)	14,961,158	20,385,791	37,995,849
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	16,987,516	16,370,858	34,353,779
INVESTMENT INCOME			
9. Net investment income earned	4,557,035	3,750,340	7,716,979
10. Net realized capital gains (losses) less capital gains tax of \$ (1,378,310)	(2,559,720)	455,481	(2,936,626)
11. Net investment gain (loss) (Line 9 plus Line 10)	1,997,315	4,205,821	4,780,353
OTHER INCOME			
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	58,604	65,067	131,607
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Line 12 through Line 14)	58,604	65,067	131,607
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)	19,043,435	20,641,746	39,265,739
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)	19,043,435	20,641,746	39,265,739
19. Federal and foreign income taxes incurred	8,953,331	7,828,348	16,535,856
20. Net income (Line 18 minus Line 19) (to Line 22)	10,090,104	12,813,398	22,729,883
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	77,172,678	45,551,170	45,551,170
22. Net income (from Line 20)	10,090,104	12,813,398	22,729,883
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (221,389)	(411,150)	(282,825)	(522,578)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	1,499,064	389,235	1,681,399
27. Change in nonadmitted assets	(1,187,621)	(274,704)	(2,011,198)
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	(1,000,000)	10,000,000	10,000,000
32.2 Transferred from surplus (Stock Dividend)		37,844,910	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)	(27,646,960)
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(2,149,427)	(75,437)	(227,149)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus		(10,226,799)	(10,226,799)
38. Change in surplus as regards policyholders (Line 22 through Line 37)	6,840,970	22,540,818	31,621,508
39. Surplus as regards policyholders, as of statement date (Line 21 plus Line 38)	84,013,648	68,091,988	77,172,678
DETAILS OF WRITE-INS			
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.			
1402.			
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)			
3701. Change in Subscriber Deposits		(10,226,799)	(10,226,799)
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)	(10,226,799)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	35,430,007	73,646,796
2. Net investment income	4,233,070	7,742,958
3. Miscellaneous income	58,605	560,076
4. Total (Line 1 through Line 3)	39,721,682	81,949,830
5. Benefit and loss related payments	4,190,556	10,909,319
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	12,346,763	29,752,432
7. Commissions, expenses paid and aggregate write-ins for deductions	6,065,729	16,054,902
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)	22,603,048	56,716,653
11. Net cash from operations (Line 4 minus Line 10)	17,118,634	25,233,177
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	9,852,667	18,309,910
12.2 Stocks	1,484,344	5,503,616
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	225,000	
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)	11,562,011	23,813,526
13. Cost of investments acquired (long-term only):		
13.1 Bonds	21,312,663	48,231,662
13.2 Stocks	1,494,988	5,334,825
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	1,990	
13.6 Miscellaneous applications	(64,465)	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	22,745,176	53,566,487
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)	(11,183,165)	(29,752,961)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	(1,000,000)	10,000,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	2,227,149	
16.6 Other cash provided (applied)	(696,113)	(936,284)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(3,923,262)	9,063,716
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	2,012,207	4,543,932
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	10,466,751	5,922,819
19.2 End of period (Line 18 plus Line 19.1)	12,478,958	10,466,751

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

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 policyholders. The state of Texas has adopted the National Association of Insurance Commissioners ("NAIC") statutory accounting practices ("SAP") in conformity with the NAIC Annual Statements Instructions and Accounting Practices and Procedures manuals.

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

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 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, policyholders 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.

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 the 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 fair value.
- 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.

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

NOTES TO FINANCIAL STATEMENTS

A. There were no business combinations accounted for under the purchase method during the reporting period and the Company is carrying no unamortized goodwill balances.

B. Statutory Mergers

- i. The Company was reorganized under a tax-free reorganization effective April 1, 2007 in which American Physicians Insurance Exchange ("APIE") agreed to a merger transaction in which, immediately after APIE converted from a Texas reciprocal insurance exchange to a Texas stock insurance company and changed its name to American Physicians Insurance Company ("API" or "Company") and became a wholly-owned subsidiary of American Physicians Services Group, Inc.
- ii. See Note 13 for more information on the shares issued for this transaction.
- iii. Only the one Company is included in these financial statements.
- iv. As part of the transaction the capital accounts were restated to their appropriate balances representing the effects in the change in ownership with Unassigned Surplus restated to \$0 at April 1, 2007.

C. Impairment Loss

There were no Impairment Losses recorded for any goodwill from any merger transactions.

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 Bloomberg market services for prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities.
- iii. Beginning during the three months ended September 30, 2007, the Company first experienced a significant decline in the market value of its Alt-A mortgage backed securities particularly those with an A rating. The majority of collateralized mortgage obligations (CMOs) in our portfolio have underlying mortgages categorized as "Prime" quality loans, and none of our CMO's have underlying mortgages classified as "Subprime." However, within our portfolio there are eleven CMO securities classified as "Alternative-A" or "Alt-A". These Alt-A securities are generally considered to have underlying mortgages with underwriting characteristics that are stronger than "Subprime" mortgages but less stringent than "Prime" mortgages. All of our Alt-A securities are investment grade, currently rated either AAA, AA or A and have underlying mortgages with fixed interest rates.

In evaluating this decline, we considered the deepening national housing crisis and its potential effects on the underlying collateral and concluded that the decreases in value of our A rated Alt-A securities should be considered "other than temporary" as defined in Statements of Financial Accountings Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, and SSAP No. 43, Loan-backed and Structured Securities. The amount of the pretax charge to earnings associated with this adjustment for the six months ended June 30, 2008 was \$3,769,000. For the year ended December 31, 2007 the total pretax charge to earnings was \$5,080,000. Our total book value in Alt-A securities is \$5,145,400 as of June 30, 2008 which represents approximately 2.8% of our total cash and invested assets. While we have the ability to hold all of our Alt-A securities indefinitely, we continue to closely monitor and evaluate these securities and their underlying collateral.

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**

NOTES TO FINANCIAL STATEMENTS

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

8. DERIVATIVE INSTRUMENTS

Not Applicable

9. INCOME TAXES

A. The components of net deferred tax asset are as follows:

	6/30/08	12/31/07	Change
(1) Total gross deferred tax assets (admitted and non-admitted)	\$7,762,118	\$6,002,173	\$1,759,945
(2) Total gross deferred tax liabilities	<u>628,455</u>	<u>588,962</u>	<u>39,493</u>
(3) Net deferred tax asset	7,133,663	5,413,211	1,720,452
(4) Non-Admitted deferred tax assets in accordance with SSAP No. 10	<u>(3,252,331)</u>	<u>(2,016,124)</u>	<u>(1,236,207)</u>
(5) Net Admitted deferred tax asset	<u>\$3,881,332</u>	<u>\$3,397,087</u>	<u>\$ 484,245</u>

B. Unrecognized Deferred Tax Liabilities

None

C. Current Income Taxes Incurred consist of the following major components:

i. The provisions for income taxes incurred on earnings for the six month period ending June 30, 2008 and year ended December 31, 2007 are:

	Six Months 2008	Twelve Months 2007
Federal income taxes on operations	\$10,331,641	\$16,535,856
Federal income taxes on realized capital gains	<u>(1,378,310)</u>	<u>(1,581,260)</u>
Federal Income Taxes Incurred	<u>\$8,953,331</u>	<u>\$14,954,596</u>

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

	6/30/08	12/31/07
Deferred tax assets:		
(1) Loss reserve discounting	\$1,634,523	\$1,723,027
(2) Change in unearned prem. reserve	2,715,155	2,465,035
(3) Realized & Unrealized losses on investments	3,354,344	1,777,831
(4) Other Non-deductible Accruals	<u>58,096</u>	<u>36,280</u>
Total Deferred Tax Assets	\$7,762,118	\$6,002,173
Non-admitted deferred tax asset	<u>(3,252,331)</u>	<u>(2,016,124)</u>
Admitted deferred tax assets	<u>\$4,509,787</u>	<u>\$3,986,049</u>
Deferred tax liabilities:		
(1) Unrealized gain on investments	\$ 370,132	\$ 433,746
(2) Other	<u>258,323</u>	<u>155,216</u>
Total Deferred tax liabilities	<u>\$ 628,455</u>	<u>\$ 588,962</u>
Net Admitted Deferred Tax Assets	<u>\$3,881,332</u>	<u>\$3,397,087</u>

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

	6/30/08	12/31/07	Change
Total gross deferred tax assets	\$4,509,787	\$3,986,049	\$523,738
Total gross deferred tax liabilities	<u>628,455</u>	<u>588,962</u>	<u>39,493</u>
Net Gross Deferred Tax Asset	<u>\$3,881,332</u>	<u>\$3,397,087</u>	<u>\$484,245</u>

NOTES TO FINANCIAL STATEMENTS

- D. The income tax benefit incurred and change in deferred income tax for the six months ended June 30, 2008, and the twelve months year ended December 31, 2007, differs from the amount computed by applying the federal statutory rate of 35% for the six months ended June 30, 2008 and the twelve months ended 2007 to income before income tax and the differences are as follows:

	Six Months	Twelve Months
	2008	2007
Provision computed at statutory rate	\$ 6,182,794	\$ 13,189,567
Discounting of Reserve	(88,503)	(69,524)
Adjustment on Unearned premiums	250,119	33,897
Adjustments on Prior Year Taxes	-0-	250,830
Exempt Interest & Dividend Income	(152,273)	(215,937)
Realized Investment Losses-Impairment	1,535,072	1,777,831
Other	<u>(152,188)</u>	<u>(12,068)</u>
Total Statutory Income Taxes	<u>\$ 7,575,021</u>	<u>\$ 14,954,596</u>

- E. At June 30, 2008, 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 future net losses is \$7,575,000, \$14,954,600, \$8,922,000, and \$4,551,100 for the six months ended June 31, 2008 and the years ended December 31, 2007, 2006, and 2005, respectively.
- F. The Company's Federal Income Tax Return is consolidated with its parent company APSG.

- (1) The following is a list of entities that are included with the consolidated return:

American Physicians Service Group, Inc.
 American Physicians Insurance Company
 American Physicians Insurance Agency
 APS Insurance Services, Inc.
 FMI Partners, Ltd.
 APSFM, Inc.
 APS Facilities Management, Inc.
 APS Investment Services, Inc.
 APS Asset Management, Inc.
 APS Financial Corporation
 APSC, Inc.
 American Physicians Management Consulting, Inc.
 APMC Financial Services, Inc.
 APS Professional Liability Insurance
 APS Capital Corporation

- (2) In accordance with a written tax sharing agreement the income tax expense or benefits for the Company are allocated on the basis of each participating entity's calculated taxable income or benefit. Intercompany balances are settled within 90 days following the end of the tax year.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. American Physicians Insurance Company ("API" or "Company") was organized effective April 1, 2007. The Company's formation was the result of a tax free reorganization of American Physicians Insurance Exchange ("Exchange" or "APIE"). The Exchange was a Texas reciprocal insurance exchange and converted to a Texas stock insurance company and changed its name to American Physicians Insurance Company. Immediately after the conversion, a newly formed, wholly owned subsidiary of American Physicians Service Group, Inc. ("APSG") merged into API, with API continuing as the surviving company and a wholly owned subsidiary of APSG. APSG is a publicly traded company on the National Association of Securities Dealer and Automated Quotation System ("NASDAQ") under the NASDAQ symbol AMPH.

Subsequent to the merger, APSG transferred an additional \$10,000,000 in 2007 of additional paid-in capital to API.

- B. The Company's day to day operations are directed by American Physicians Insurance Agency ("APIA") which operates under a management agreement and is a 100% owned subsidiary of the parent company APSG. The management agreement between APIA and the Company provides for full management of the affairs of the Company under the direction of the Board of Directors. Subject to direction from the Board, APIA sells and issues policies, investigates, settles and defends claims, and otherwise manages the Company's affairs. In consideration of performing its services, APIA receives a percentage fee based on API's earned premiums. APIA pays salaries and personnel related expenses, rent and office operations costs, data processing costs and many other operating expenses of the Company. API is 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.

Additionally, effective July 1, 2007 API contracted with APS Asset Management, Inc., a 100% owned subsidiary of

NOTES TO FINANCIAL STATEMENTS

the parent company APSG to provide Investment Management Services. Prior to this agreement, APS Financial, Inc., another 100% owned subsidiary of APSG, provided similar services but earned trading commission revenues in lieu of a fixed fee contract. Prior to the merger effective April 1, the trading commission revenues were included in the cost basis of the securities. Subsequent to the merger, all APS Asset Management fees were recorded as Investment Expenses.

At the effective date of the merger, April 1, 2007, API entered into an Advisory Services Agreement with API Advisory, LLC, or API Advisor, an entity formed by the former members of API's board of directors. Under the terms of the Advisory Services Agreement, API Advisor will provide advisory and consulting services as an independent contractor. We believe this agreement allows us to retain physician involvement in the Company and continue our philosophy of physicians working for physicians. There are no payments made directly to API Advisory Services Agreement but compensation and reimbursement for expenses associated with individuals as part of this agreement are included in director compensation.

- C. The Company paid the following amounts to affiliated companies during the Six months ended June 30, 2008 and the year ended December 31, 2007. Prior to the merger effective April 1, 2007, the Exchange had similar agreements in place and whose dollars are included for the full twelve months.

	Six Months	Twelve Months
	2008	2007
Management Fees	\$4,313,300	\$9,682,100
Investment Management Services/Commissions	\$197,000	\$712,200

- D. The Company has net balances due to affiliates at balance sheet date of \$844,900 and \$544,600 as of June 30, 2008 and December 31, 2007, respectively. These balances include federal income taxes due/(recoverable) to the parent under a tax sharing agreement. All of these balances are considered current liabilities.
- E. There are no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that would result in a material contingent exposure of the Company or any related party's assets or liabilities.
- F. The parent company provides administrative and operational services to the Company and charges for the cost of such services. Services are covered by the management contract with APIA and the Investment Management Services agreement with APS Asset Management, Inc. noted above. There are other immaterial amounts that are allocated where cost sharing is appropriate.
- G. The Company's capital stock and preferred stock are wholly owned by APSG, domiciled in the State of Texas.
- H-J. The Company has no investment in parent or any of its subsidiaries.

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 APIA under a management agreement disclosed above and the Company does not assume any liability for these expenses.

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

- A. The Company has 10,010,000 share of common stock at \$1 par value authorized and 10,000,000 issued and owned by APSG. the Company paid a common stock dividend in the amount of \$2,000,000 to its parent company during the second quarter of 2008.
- B. The Company has 15,000 shares of preferred stock authorized at \$1 par value and 10,198 of Series A redeemable preferred stock issued and owned by APSG. The preferred shares are to be redeemed ratably at no less than \$1,000,000 per year, with all outstanding shares being redeemed by December 31, 2016 and APSG as a holder of this redeemable preferred stock is entitled to cumulative dividends at a rate of 3% per annum payable on the outstanding redemption value per share. At the end of June 30, 2008 the Company had paid \$1,000,000 as a partial redemption of the Company's preferred stocks along with dividends in the amount of \$227,149. The Company has recorded additional accrued preferred dividends of \$149,427 as of June 30, 2008.
- C. As a result of the merger with API, APSG, the parent company of API, also issued Series A redeemable preferred stock to former subscribers with outstanding refundable deposits at the date of acquisition. Holders of this redeemable preferred stock are entitled to cumulative dividends at a rate of 3% per annum payable on the remaining redemption value per share. These shares must be redeemed ratably at not less than \$1,000,000 per year, with all outstanding

NOTES TO FINANCIAL STATEMENTS

shares being redeemed by December 31, 2016.

In addition to restrictions on dividends and distributions applicable to all Texas stock insurance companies, for so long as any APSG Series A redeemable preferred stock is outstanding, the Texas Department of Insurance prohibits API from paying dividends to APSG in any calendar year unless and until APSG has complied with its redemption and dividend payment obligations to the holders of its Series A redeemable preferred stock (former subscribers with outstanding refundable deposits at the date of acquisition) for that year. API's agreement with the Texas Department of Insurance also provides that, until all of APSG Series A redeemable preferred stock has been fully redeemed and all dividends have paid, it will not make aggregate annual dividends to APSG with respect to its common stock in excess of the lesser of 10% of API's prior year-end policyholder surplus or API's prior year statutory net income, and in no event may such distributions exceed API's statutory earned surplus.

In June 2007, APSG complied with the scheduled payments of its Series A redeemable preferred stock and API would be eligible to make payments of preferred and common stock to APSG.

- D. There are no other restrictions placed on Company's surplus other than noted in Part B above, including for whom the surplus is being held.
- E. There is no stock held by the Company, including stock of affiliated companies, for special purposes including conversion of preferred stock, employee stock options or stock purchase warrants.
- F. There are no changes or balances of special surplus funds from the prior year.
- G. The portion of unassigned funds (surplus) represented/(reduced) by each item below is:

Unrealized Gains and Losses, net of Taxes	\$ (411,200)
Non-Admitted Assets	<u>(3,263,300)</u>
Net Change	<u>\$(3,674,500)</u>

- H. The Company has no Surplus debentures or other similar obligations.
- I. There is no impact of any prior quasi-reorganizations.
- J. There were no prior quasi-reorganizations in the prior 10 years.

14. CONTINGENCIES**A. Contingent commitments**

The Company did not have any contingent commitments as of June 30, 2008.

B. Assessments

The Company has not accrued for any assessments.

C. Gain Contingencies

The Company has no gain contingencies.

D. All other Contingencies

Various lawsuits against the Company have arisen in the normal course of 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.

15. LEASES

The Company had no lease commitments in force at June 30, 2008.

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

NOTES TO FINANCIAL STATEMENTS

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. OTHER ITEMS

A-E. Not applicable

F. The Company has state transferable tax credits associated with payments made to the respective state's guarantee funds. These balances are recoverable over a 10 year period as a credit against future premium taxes. The balance for Arkansas and Texas as of June 30, 2008 and December 31, 2007 are \$207,400 and \$240,400, respectively.

G. The Company has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

H. The Company has no Hybrid Securities.

I. The Company has no Subprime Mortgages.

21. SUBSEQUENT EVENTS

There are no subsequent events to disclose.

22. REINSURANCE

- A. Unsecured reinsurance recoverables at June, 30, 2008, that exceeded 3% of the Company's surplus are summarized as follows (in thousands):

Authorized Reinsurance Companies		
EIN #	COMPANY NAME	AMOUNT
13-1675535	Swiss Reinsurance	8,659
13-5616275	Transatlantic Reinsurance	4,112
13-5581829	Ace Property & Casualty	2,621

Transatlantic Reinsurance, and Swiss Reinsurance are A.M. Best rated "A+" (Superior).

- B. The Company had no reinsurance recoverable in dispute at June 30, 2008.
- C. Reinsurance Assumed And Ceded:
 - i. The amount of return commission due reinsurers on assumed and ceded premiums at June 30, 2008 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 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 \$500,000 and pledged assets in the amount of \$525,000 to secure those letters of credit.
- D. Uncollectible Reinsurance
The Company did not write off any reinsurance balances due during six months ended June 30, 2008 or for the twelve months ended December 31, 2007.
- E. Commutation of Ceded Reinsurance
The Company did not commute any of its reinsurance in the six months ended June 30, 2008 or for the twelve months ended December 31, 2007.

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

Not applicable

G. Premium Adjustments Profit/(Loss)

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 20% of the risk above the aforementioned retention levels. The 2008 reinsurance contract provides for the same general terms with the Company retaining an additional 20% or 40% of the total risk for the aforementioned retention levels. The reinsurance contracts for 2002 through 2008 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, for the six months ending June 30, 2008, the Company recorded additional net premium ceding recovery of \$3,001,300 for the 2002-2007 years. Additionally, estimates of reinsurance ceding costs compared to the amounts paid on a provisional basis, also give rise to an asset or liability on the balance sheet. Estimates of ultimate reinsurance ceded premium amounts compared to the amounts paid on a provisional basis, give rise to an asset or liability on the balance sheet. As a result, at June 30, 2008, the Company had an asset of \$2,400 and a liability of \$5,399,100. At December 31, 2007, the Company had an asset of \$4,535,300 and a liability of \$4,651,400.

23. RETROSPECTIVE RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

Not applicable

24. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Activity in the reserves for losses and loss adjustment expenses is summarized as follows:

	(In thousands)	
	Six Months	Twelve Months
	June 2008	Dec. 2007
Balance at January 1	\$ 81,513	\$ 81,186
Less: Reinsurance Recoverable Paid Losses	<u>349</u>	<u>98</u>
Net Balance at January 1	<u>\$ 81,164</u>	<u>\$ 81,088</u>
Incurred, net of reinsurance, related to:		
Current years	\$ 19,119	\$ 41,023
Prior years	<u>(9,792)</u>	<u>(15,788)</u>
Net Incurred	<u>\$ 9,327</u>	<u>\$ 25,235</u>
Paid, net of reinsurance, related to:		
Current years	\$ 1,291	\$ 4,039
Prior years	<u>9,371</u>	<u>21,120</u>
Total Net Paid	<u>\$ 10,662</u>	<u>\$ 25,159</u>
Net Balance at End of Period	\$ 79,829	\$ 81,164
Plus: Reinsurance Recoverable Paid Losses	<u>227</u>	<u>349</u>
Balance at End of Period	<u>\$ 80,056</u>	<u>\$ 81,513</u>

The reserve for unpaid losses and loss adjustment expenses represents the estimated liability for unpaid claims reported to us, plus claims incurred but not reported and the related estimated loss adjustment expenses. The reserve for losses and loss adjustment expenses is determined based on our actual experience, available industry data and projections as to future claims frequency, severity, inflationary trends and settlement patterns.

We write medical malpractice insurance 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 our reserves for loss and loss adjustment expenses to significant variability. These conditions subject API'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, an 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. These specific risks, combined with the variability that is inherent in any reserve estimate, could result in significant adverse deviation from our carried reserve amounts. Settlement of claims is subject to considerable uncertainty. We believe the reserves for loss and loss adjustment expenses are reasonably stated as of June 30, 2008.

We recorded \$9,327,100 for losses and loss adjustment expenses for the six months ended June 30, 2008, which included \$19,119,500 for the current accident year, reduced by \$9,792,400 of favorable development for prior report

NOTES TO FINANCIAL STATEMENTS

years. The favorable development was primarily the result of loss severity for the 2003 through 2006 report years developing favorably compared to prior period estimates. In addition, the total number of claims closed with indemnity for these report years were less than prior estimates.

The Company does not issue any retrospective rated policies, as such, the net incurred increase or decrease related to prior years did not result in any direct accrual of additional premiums.

25. INTERCOMPANY POOLING ARRANGEMENTS

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

26. 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, 2008 and December 31, 2007, consisted of a structured annuity recorded at net present value in the amount of \$1,057,500, and \$1,238,900, 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, 2008, the Company expects to receive future payments totaling \$3,325,000 through 2043. The present value of the future payments is based on the implied interest rate in the original structured annuity of 8.125%.

27. HEALTH CARE RECEIVABLES

Not applicable

28. PARTICIPATING ACCIDENT AND HEALTH POLICIES

Not applicable

29. PREMIUM DEFICIENCY RESERVES

Not applicable

30. HIGH DEDUCTIBLES

The Company has no high deductible policies.

31. DISCOUNTING OF LIABILITIES FOR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount its reserves for statutory reporting.

32. ASBESTOS/ENVIRONMENTAL RESERVES

Not applicable

33. SUBSCRIBER SAVINGS ACCOUNT

Not applicable

34. 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 () No (X)
- 1.2 If yes, has the report been filed with the domiciliary state? Yes () 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 () No (X)
- 2.2 If yes, date of change:
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes () No (X)
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 () No (X)
- 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 () No (X) 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?
Texas
.....
- 6.5 Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes () No () N/A (X)
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes () No () N/A (X)
- 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 () No (X)

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

INVESTMENT

11.1 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)

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

.....

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/ Adjusted Carrying Value	2 Current Quarter Book/ Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26)	\$	\$
14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above	\$	\$

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

15.2 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.)

16. 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 Section 3, III Conducting Examinations, G-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ()

16.1 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	211 W. 6th Street, Austin TX 78701
.....
.....

16.2 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)
.....
.....
.....

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

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

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

16.5 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 Bank NA	Century Management	805 Los Cimas Parkway, Suite 430, Austin, TX 78746
JPMorgan Chase Bank NA	Dana Investment Advisors	15800 West Bluemound Road, Suite 250, Brookfield, WI 563008-1067

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

17.2 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.

Page 9

Schedule F - Ceded Reinsurance

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

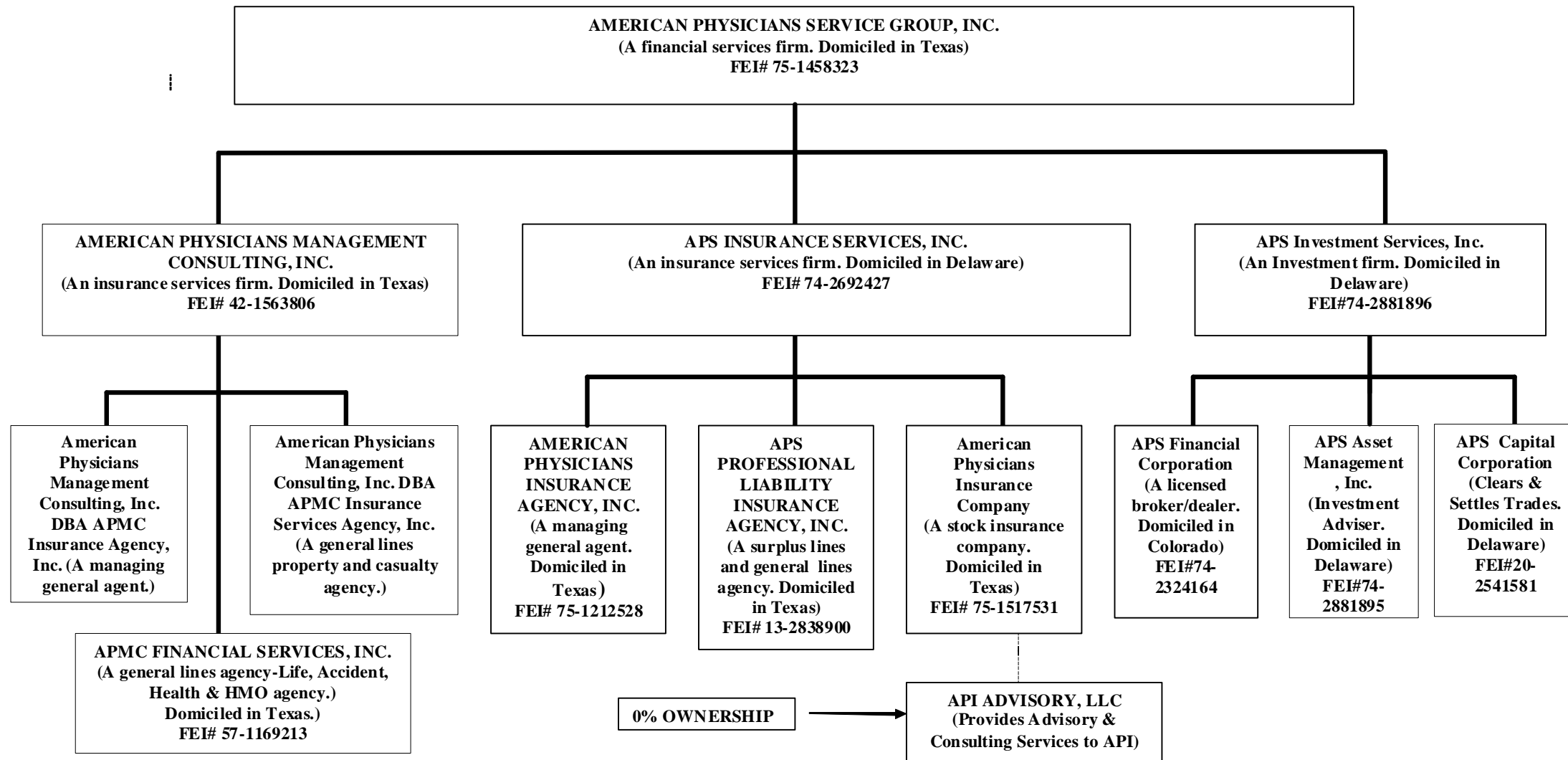
Current Year to Date - Allocated by States and Territories

States, etc.	1		Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
	Active Status		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	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	L	444,347	248,709	381,250		2,765,000	2,487,500
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	N						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	N						
37. Oklahoma	OK	L	367,893				125,000	
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	N						
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	L	29,047,549	30,261,491	4,249,772	4,622,200	50,071,882	66,423,426
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U. S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CN	N						
58. Aggregate Other Alien	OT	XXX						
59. Totals	(a)	3	29,859,789	30,510,200	4,631,022	4,622,200	52,961,882	68,910,926
DETAILS OF WRITE-INS								
5801.		XXX						
5802.		XXX						
5803.		XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX						
5899. TOTALS (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		XXX						

(a) Insert the number of "L" 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	31,649,454	507,574	1.6	13.1
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. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	31,649,454	507,574	1.6	
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34)				

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	15,123,615	29,859,789	30,510,200
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. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	15,123,615	29,859,789	30,510,200
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34)			

STATEMENT AS OF JUNE 30, 2008 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)	2008 Loss and LAE Payments on Claims Reported as of Prior Year-End	2008 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2008 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. 2005 + Prior	12,181	7,816	19,997	2,858		2,858	8,334		3,499	11,833	(989)	(4,317)	(5,306)
2. 2006	12,989	11,538	24,527	3,831		3,831	9,287		9,604	18,891	129	(1,934)	(1,805)
3. Subtotals 2006 + prior	25,170	19,354	44,524	6,689		6,689	17,621		13,103	30,724	(860)	(6,251)	(7,111)
4. 2007	18,303	18,686	36,989	3,027		3,027	15,822		15,457	31,279	546	(3,229)	(2,683)
5. Subtotals 2007 + prior	43,473	38,040	81,513	9,716		9,716	33,443		28,560	62,003	(314)	(9,480)	(9,794)
6. 2008	X X X	X X X	X X X	X X X	1,297	1,297	X X X	8,555	9,269	17,824	X X X	X X X	X X X
7. Totals	43,473	38,040	81,513	9,716	1,297	11,013	33,443	8,555	37,829	79,827	(314)	(9,480)	(9,794)
8. Prior Year-End's Surplus As Regards Policy-holders	77,173										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. (0.7)%	2. (24.9)%	3. (12.0)%
													Column 13, Line 7
													Line 8
													4. (12.7)%

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 455:

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:



SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 plus Line 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

NONE**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,238,929	1,142,559
2. Cost of acquired:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount	43,589	96,370
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	225,000	
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)	1,057,518	1,238,929
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	1,057,518	1,238,929

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	164,170,515	139,539,630
2. Cost of bonds and stocks acquired	22,807,651	53,566,486
3. Accrual of discount	165,238	325,976
4. Unrealized valuation increase (decrease)	(632,539)	(5,883,483)
5. Total gain (loss) on disposals	(65,900)	561,954
6. Deduct consideration for bonds and stocks disposed of	11,337,012	23,813,526
7. Deduct amortization of premium	66,464	126,522
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	3,872,130	
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	171,169,359	164,170,515
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	171,169,359	164,170,515

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
BONDS								
1. Class 1 (a)	181,561,892	19,310,719	20,983,010	(1,179,395)	181,561,892	178,710,206		168,442,638
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)			113	58,669		58,556		
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	181,561,892	19,310,719	20,983,123	(1,120,726)	181,561,892	178,768,762		168,442,638
PREFERRED STOCK								
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	181,561,892	19,310,719	20,983,123	(1,120,726)	181,561,892	178,768,762		168,442,638

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
 NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SI02

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	13,124,709	X X X	13,124,709	46,892	38,193

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year	10,568,795	4,353,930
2. Cost of short-term investments acquired	27,819,943	30,143,763
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	25,264,029	23,928,898
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9)	13,124,709	10,568,795
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	13,124,709	10,568,795

Page SI04

Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open
NONE

Page SI05

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets
NONE

Page SI06

Schedule E, Verification (Cash Equivalents)
NONE

Page E01

Sch. A, Pt. 2, Real Estate Acquired
NONE

Sch. A, Pt. 3, Real Estate Disposed
NONE

Page E02

Schedule B, Part 2, Mortgage Loans Acquired
NONE

Schedule B, Part 3, Mortgage Loans Disposed
NONE

Page E03

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired
Details filed with the state of domicile, state of commercial domicile and the NAIC.

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed
Details filed with the state of domicile, state of commercial domicile and the NAIC.

Page E04

Schedule D, Part 3, Long-Term Bonds and Stocks Acquired
Details filed with the state of domicile, state of commercial domicile and the NAIC.

Page E05

Schedule D, Part 4, Long-Term Bonds and Stocks Disposed Of
Details filed with the state of domicile, state of commercial domicile and the NAIC.

Page E06

Schedule DB, Part A, Section 1
NONE

Schedule DB, Part B, Section 1
NONE

Page E07

Schedule DB, Part C, Section 1
NONE

Schedule DB, Part D, Section 1
NONE

Page E08

Schedule E, Part 1, Cash
Details filed with the state of domicile, state of commercial domicile and the NAIC.

Page E09

Schedule E, Part 2, Cash Equivalents
NONE



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2008 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	444,347	478,815	365,000	1	325,000	2,765,000	15	
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	367,893	186,492			75,000	125,000	2	
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX	28,830,207	30,713,230	4,249,772	36	180,325	35,241,070	581	14,698,312
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	29,642,447	31,378,537	4,614,772	37	580,325	38,131,070	598	14,698,312
DETAILS OF WRITE-INS								
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, 2008 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	4,904	16,250	1	(33,750)			
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	217,342	266,013		(39,000)	132,500	6	
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		217,342	270,917	16,250	1	(72,750)	132,500	6
DETAILS OF WRITE-INS								
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)								