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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of American Physicians Insurance Company and American Physicians Service Group, Inc.

OLDWICK, N.J., Oct. 26, 2009—A.M. Best Co. has affirmed the financial strength rating of A- (Excellent) and issuer credit rating (ICR) of “a-” of **American Physicians Insurance Company** (API) (Austin, TX). A.M. Best also has affirmed the ICR of “bbb-” of API’s parent holding company, **American Physicians Service Group, Inc.** (APS) (Austin, TX) [NASDAQ: AMPH]. The outlook for all ratings is stable.

API’s ratings reflect its excellent risk-adjusted capital position, solid history of operating profitability and strong policyholder retention levels. Furthermore, API is directed by an experienced management team, which has skillfully utilized the local market knowledge obtained from API’s longstanding commitment to the Texas healthcare community to its competitive advantage. The company’s profitability also has been enhanced by the passage of tort reform in 2003, which has contributed to an influx of physicians into Texas and a significant reduction in claim frequency. The stable outlook reflects A.M. Best’s expectations that a solid level of profitability will be maintained over the near term, further supporting API’s risk-adjusted capitalization.

The ratings also take into consideration the financial flexibility of APS. At June 30, 2009, APS’ financial leverage (total debt/total capital) was minimal at 4.3%. The long-term debt consists solely of \$7 million in mandatorily redeemable preferred stock, which is to be redeemed

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at \$1 million per year through 2016. In addition, there continues to be a substantial amount of cash and investments at the holding company level.

Partially offsetting these positive rating factors are the market risks associated with being a predominantly single state, monoline medical professional liability insurer as it relates to price competition, loss cost trends and regulatory challenges. In addition, API's exposure base continues to grow, which has led to additional risks in the pricing, claim and reserving areas. However, these risks are mitigated by the company's conservative reserve position and excellent risk-adjusted capital position.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit www.ambest.com/ratings.

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at www.ambest.com/ratings/methodology.

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