

## EXHIBIT D

### PROPOSED STIPULATION

Section 5.37(1) of the Rules of Procedure for Contested Cases of the OCI states: “The parties may stipulate to any matter at issue in a contested case. The parties may submit a written stipulation signed by the parties to the administrative law judge who shall enter it in the record...” PIC Wisconsin is prepared to enter into a stipulation as to a number of issues raised by the Applicants which should serve to expedite the proceedings, clarify and simplify the issues and eliminate or greatly reduce Applicants’ discovery requests which are, to a large extent, irrelevant, duplicative, burdensome and very oppressive in scope. We believe that a stipulation is the best means of clarifying issues because discovery requests are typically limited to questions of fact and not matters of law. Specifically, PIC Wisconsin would be prepared to enter into a stipulation with the Applicants as to the following matters:

1. PIC Wisconsin is a stock insurance corporation organized under Wisconsin law. It is not and never has been a mutual company.
2. In 1986, PIC Wisconsin offered 25,000 shares of its Class A common stock to eligible licensed physicians and certain associated medical professionals located in the state of Wisconsin. The offering was strictly limited to bona fide residents of the State of Wisconsin.
3. The prospectus dated October 20, 1986 which offered the stock stated, among other things, on the cover page of the prospectus that “The Class A Common Stock is subject to substantial transfer restrictions, no public market for the Class A Common Stock exists or is likely to develop, and purchasers may not be able to sell their shares in the event of an emergency, discontinuance of medical practice in Wisconsin, or for any other reason...”

4. Page 4 of the prospectus dated October 20, 1986 also described certain "Risk Factors" including the following:

**Lack of Market.** There is no market for the Class A Common Stock and it is not anticipated that any market will develop as a result of this offering or otherwise. Thus, it may be difficult or impossible for purchasers in this offering to resell their stock at any time should they wish to do so for any reason. Furthermore, since there will be no market and it is unlikely that the Company will pay dividends for the foreseeable future, the stock may be deemed to have little or no value to potential purchasers or as collateral for a loan.

**Stock Transfer Restrictions.** The Class A Common Stock offered hereby is subject to a restriction limiting its resale only to bona fide residents of the State of Wisconsin. The restriction is consistent with the provisions of the exemption from registration under the Securities Act of 1933, as amended, pursuant to which these securities are being offered and sold. Those provisions require, among other things, that offers and sales may be made only to persons resident in Wisconsin, that resales must be limited during the offering and within nine months thereafter to Wisconsin residents, that a legend be placed on the stock certificates stating that the securities are not registered with the Securities and Exchange Commission and setting forth the limitations on resale described above, that investors affirm their Wisconsin residency, and that the transfer agent of the stock comply with all transfer restrictions described above. Sales or resales to persons not resident within the State of Wisconsin could affect the availability of this exemption. Accordingly, the Company may require an opinion of counsel acceptable to the Company that any transfer will not violate the Federal securities laws and may include appropriate legends and transfer restrictions on the stock certificates.

5. Page 2 of the prospectus also stated:

"At least for the period of its initial capitalization (probably three years), the Company intends to require that all physician policyholders of its professional medical liability insurance or related entities (with certain limited exceptions) be stockholders of the Company. The minimum stock ownership required will vary in accordance with the nature of the policyholder's specialty and practice. Policyholders will also be required to satisfy insurance underwriting standards established by the Company consistent with industry practice...."

6. Subsequently, as a result of an amendment of the articles of incorporation of PIC Wisconsin, holders of Class A Common Stock became holders of Common Stock, which is the only class of stock of PIC Wisconsin outstanding at the present time.

7. PIC Wisconsin stock is currently transferable except to the extent that transfers are restricted or prohibited by an agreement to which a shareholder is a party or by which a shareholder is bound, a restrictive legend on a stock certificate and/or a legal restriction based on federal or state securities laws or the Wisconsin Insurance Code. The transfer of PIC Wisconsin shares is no longer limited to residents of the State of Wisconsin unless the stockholder has agreed to such a restriction which is currently in force or the transfer would violate federal or state securities laws or the Wisconsin Insurance Code.

8. Transfers have occurred to new shareholders who are not licensed physicians or associated medical professionals and/or who are not residents of the State of Wisconsin in conformity with the legal requirements referenced in point no. 7 above.

9. Transfers of PIC Wisconsin stock may occur by purchase, gift, or bequest. Consideration has been paid when transfers occur. PIC Wisconsin has repurchased shares of its own common stock from time to time.

10. As a Wisconsin insurance corporation in stock form, the directors and officers of PIC Wisconsin are subject to the following provisions of Section 180.0827 of the Wisconsin Business Corporation law:

**180.0827 Consideration of interests in addition to shareholders' interests.** In discharging his or her duties to the corporation and in determining what he or she believes to be in the best interests of the

corporation, a director or officer may, in addition to considering the effects of any action on shareholders, consider the following:

- (1) The effects of the action on employees, suppliers and customers of the corporation.
- (2) The effects of the action on communities in which the corporation operates.
- (3) Any other factors that the director or officer considers pertinent.

If the Commissioner deems it relevant, PIC Wisconsin would be willing to provide to the Applicants the October 20, 1986 prospectus referred to in points 3-5 above if they do not already have it.

Under the terms of the stipulation, PIC Wisconsin and the Applicants would each reserve the right at the hearing to contest the relevancy of any matters to which the stipulation relates. If applicants agree to PIC's proposed stipulation, it would, together with PIC's proposed admissions in Exhibit A, render unnecessary or confirm the irrelevancy of some of the items of discovery requested by Applicants, *e.g.*, items 1-4 and 10 of the Applicants' Interrogatories to PIC and items 1-7, 10-12, 14, 15, 19 and 25 of Applicants' Request for Production of Documents.

In the spirit of attempting to clarify and narrow the issues, PIC Wisconsin would be prepared to enter into additional stipulations as to agreed matters of fact and/or law if it can be demonstrated that the subject matter is relevant to the hearing. However, we do feel strongly that much of the discovery requested by Applicants is irrelevant to the standards for approval described on pages 4 and 5 of the Pre-Hearing Conference Memorandum and PIC Wisconsin reserves the right to object to the introduction into evidence of any irrelevant evidence.

