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Securities Exchange Act of 1934, Rule 12h-3
Securities Exchange Act of 1934, Sections 13(a) and 15(d)

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VIA UNITED PARCEL SERVICE

Office of the Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: American Physicians Service Group, Inc.
American Physicians Insurance Exchange

Ladies and Gentlemen:

We are counsel to American Physicians Service Group, Inc., a Texas corporation (“**APSG**”) and, through a wholly-owned subsidiary, the attorney-in-fact for American Physicians Insurance Exchange, a Texas reciprocal insurance exchange (“**APIE**”), in connection with the statutory conversion of APIE from a reciprocal insurance exchange to a stock insurance company to be named American Physicians Insurance Company (“**APIC**”), and its acquisition immediately thereafter by APSG. The conversion and merger together are referred to as the “**Acquisition**.” This letter supersedes and replaces our letter to you on this subject dated February 2, 2007.

On behalf of APIE and APSG, we are writing to request that the staff (the “**Staff**”) of the Securities and Exchange Commission (the “**Commission**”) will not recommend that the Commission take any enforcement action if, based on the facts and circumstances described below, after APIC files an annual report on Form 10-K for the fiscal year of 2006 within the timeframe by which a special financial statement report would be due pursuant to Rule 15d-2 of the Securities Exchange Act of 1934 (the “**Exchange Act**”), APIC does not file any further periodic reports that might otherwise be required under Sections 13(a) and 15(d) of the Exchange Act.

Office of the Chief Counsel
Securities and Exchange Commission
March 26, 2007
Page 2

Background

The shares to be issued pursuant to the proposed Acquisition have been registered on the entities' Registration Statement on Form S-4 (Registration Statement No. 333-137012) (the "**Registration Statement**") under the Securities Act of 1933 (the "**Securities Act**"), which was declared effective on February 1, 2007. The joint proxy statement/prospectus included in the Registration Statement was used to solicit approval of the Acquisition from the shareholders of APSG and the subscribers of APIE. On March 22, 2007, the stockholders of APSG and the subscribers of APIE approved the Acquisition at their respective special meetings. The certificate of merger with respect to the Acquisition was filed on March 23, 2007 with the Secretary of State of the State of Texas and will automatically become effective on April 1, 2007. On the effective date, APIE will convert into APIC and change its name to "American Physicians Insurance Company." Simultaneously, APIC will merge with APSG ACQCO, Inc., a newly formed wholly-owned subsidiary of APSG, with APIC surviving as a wholly owned subsidiary of APSG.

APSG files periodic reports with the Commission as required under Sections 12 and 15(d) of the Exchange Act. Upon the effectiveness of the Registration Statement, APIC also became obligated to file periodic reports pursuant to Section 13 of the Exchange Act, as required by Section 15(d) of the Exchange Act. In addition to the reporting requirements imposed by Section 15(d) of the Exchange Act, Exchange Act Section 12(g) also requires certain companies to register securities and file reports under Section 13 of the Exchange Act. However, APIC is not subject to this registration requirement because it is an insurance company subject to state insurance regulation meeting the exclusion under Section 12(g)(2)(G) of the Exchange Act. If it were subject to Section 12(g), APIC would still be exempt from the Section 13 reporting requirement under Exchange Act Rule 12g-4 by reason of having fewer than 300 shareholders. Therefore, the only applicable requirement for APIC to file Section 13 reports is under Section 15(d) of the Exchange Act. Section 15(d) provides that, absent an exemption, the periodic reporting requirements of Section 13 are applicable to any issuer that files a registration statement that becomes effective under the Securities Act. However, an issuer can claim an exemption from the Section 15(d) reporting requirements pursuant to Rule 12h-3 of the Exchange Act, which suspends the Section 15(d) reporting requirements with respect to a class of securities held of record by less than 300 persons, if the issuer has filed all reports required by Section 13 for the shorter of its most recent three fiscal years and the portion of the current year preceding the date of the filing Form 15, or the period since the issuer became subject to such reporting obligation.

Pursuant to the Acquisition, all of APIC's equity interests from the time of issuance will be held by its parent, APSG. No APIC shares have ever been actively traded, and APIC will have

Office of the Chief Counsel
Securities and Exchange Commission
March 26, 2007
Page 3

no obligations to issue any additional shares of its capital stock. Also, APIC will have met the requirement to have filed all reports required by Section 13, in APIC's case, for the period since the issuer became subject to such reporting obligation, because none have yet been required. APIC became subject to the Section 13 reporting obligation when the Registration Statement was declared effective on February 1, 2007, and so has not yet been required to file any periodic reports. Under the terms of the Acquisition, on April 1, 2007, capital stock of APIC will be issued to only APSG. Therefore, the Rule 12h-3 exemption would be available to APIC except for Subsection (c) of Rule 12h-3, which provides that the Rule 12h-3 exemption is not available for any class of securities for a fiscal year in which a registration statement relating to that class becomes effective.

Discussion

It is our opinion that, upon the filing of a Form 15, APIC should be relieved of its further reporting obligations under Section 15(d). Under the circumstances described in this letter, Rule 12h-3(c) should not be applied to deny APIC the relief otherwise provided in Rule 12h-3 with respect to termination of its further periodic reporting obligations merely because the Registration Statement became effective this year.

The Commission has stated that "the purpose of [periodic reporting under] Section 15(d) is to assure a stream of current information about an issuer for the benefit of purchasers in the registered offering, and for the public, in situations where Section 13 of the Exchange Act would not otherwise apply." Exchange Act Release No. 34-20263 (Oct. 5, 1983) (the "**Release**"). In the Release, the Commission stated that the Rule 12h-3(c) limitation with respect to the fiscal year in which a registration statement under the Securities Act becomes effective "is in keeping with the philosophy reflected in Section 15(d) of the Exchange Act that generally the investing public should have available complete information about the issuer's activities at least through the end of the year in which it makes a registered offering." *Id.* However, the Commission has long recognized that with respect to Section 15(d) "the benefits of periodic reporting by an issuer might not always be commensurate with the burdens imposed." *Id.*

Under the circumstances described in this letter, requiring APIC to make reports under Section 13 of the Exchange Act for the remainder of the fiscal year in which it makes a registered offering would not serve the purpose of Section 15(d) of providing complete information to public investors. First, immediately after APIC is formed pursuant to the Acquisition, all of APIC's outstanding shares will be held by APSG. Second, the investing public will have information about APIC available through reports made by APSG under Section 13 of the Exchange Act, which will include consolidated information about APIC; through the annual report on Form 10-K for 2006 to be filed by APIC; through other public reports filed by APIC

Office of the Chief Counsel
Securities and Exchange Commission
March 26, 2007
Page 4

with the Texas Department of Insurance; and through the Registration Statement filed with the Commission which includes detailed financial and other information about APIC's predecessor, APIE, for 2003, 2004, 2005 and the first nine months of 2006.

Also, the burdens imposed on APIC by the technical application of Rule 12h-3(c) greatly outweigh the benefits, if any, provided to the investing public. As there will be no holders of APIC securities other than APSG, the preparation and filing of periodic reports required under Section 13(a) of the Exchange Act will be of no value or benefit, as there is no investor who will be protected by, or who will in any way benefit from, such reports. Any periodic reports for APIC would, in fact, be prepared by APSG itself. The preparation of such reports, however, will impose a financial burden on the companies and will involve significant management efforts.

The Staff has often taken the position that a literal reading of Rule 12h-3(c) can lead to an unjustified burden on a registrant and has taken a no-action position on the suspension of filing Exchange Act reports where there would remain few or no security holders to benefit from the disclosure to be provided by such reports, even though, as a technical matter, Rule 12h-3 would require continued filings. *See, e.g.*, WaveRider Communications Inc. (available March 31, 2006); Pacificare Health Systems, Inc. (available March 16, 2006); IVAX Corporation (available March 10, 2006); Unocal Corp. (available October 21, 2005); Kerr-McGee (Nevada) LLC (available August 9, 2004); 3333 Holding Corp., Centex Development Co. (available March 17, 2004); CoorsTek, Inc. (available August 14, 2003); Royal Precision, Inc. (available April 9, 2003); and PayPal, Inc. (available November 13, 2002). In each of these cases, notwithstanding the fact that a registration statement under the Securities Act had been declared effective during the fiscal year in question, the Staff agreed with the position that Rule 12h-3(c) did not require an issuer to remain subject to the reporting requirements of Section 15(d) following a merger in which it became a wholly-owned subsidiary of another company and had no other public securities outstanding.

For example, in each of PayPal, Inc. (available November 13, 2002), 3333 Holding Corp., Centex Development Co. (available March 17, 2004) and Kerr-McGee (Nevada) LLC (available August 9, 2004), the Staff took a no-action position on the suspension of filing Exchange Act reports by the applicant where pursuant to a merger all of the applicant's equity interests were owned by its parent, a reporting company. APIC's situation is very similar to that of these applicants since, after the Acquisition, APSG, a reporting company, will hold all the equity interests of APIC.

We concur in the judgment of the Staff represented by the above-referenced precedents, which reflect an appropriate policy judgment with respect to the benefits of Exchange Act reporting. We cannot envision a situation where the burdens from reporting more clearly exceed

Office of the Chief Counsel
Securities and Exchange Commission
March 26, 2007
Page 5

the benefits than when the issuer has only one stockholder who not only would have to prepare such reports itself, but is already filing reports pursuant to the Exchange Act. In the above-mentioned analogous cases in which the Staff has taken a no-action position similar to that requested herein, in reaching its position the Staff considered the fact that, as the result of a merger, all the outstanding shares of the company requesting no action relief would be held by one holder. It is our opinion that our situation is even more suggestive of relief because, unlike those analogous cases, at no time will any investing public ever exist for which it would be necessary to assure complete information. The registered shares of APIC will never have been actively traded before becoming solely held by a single parent reporting company (APSG).

We understand it is the Commission's policy to require companies to file at least one annual report on Form 10-K before it will grant no-action relief from Rule 12h-3(c) of the Exchange Act. For example, in PayPal, Inc. (available November 13, 2002), the Staff, in reaching its no-action position, noted that PayPal had filed at least one annual report on Form 10-K since becoming subject to the Exchange Act. To that end, based on telephone conversations with the Staff, APIC plans to file an annual report on Form 10-K for the fiscal year of 2006. Pursuant to Rule 15d-2 of the Exchange Act, APIC is required to file a special financial statement report within 90 days of the Registration Statement effective date containing certified financial statements for the full fiscal year of 2006, which report must meet the requirements of Form 10-K and is to be filed with the facing page of the Form 10-K. In lieu of the less comprehensive disclosure requirements of the special financial statement report, APIC plans to file a full annual report on Form 10-K for 2006 in order to satisfy both its Rule 15d-2 reporting obligations and its obligation to file an annual report on Form 10-K in compliance with the policies of the Commission. This is consistent with the Commission's interest of full public disclosure. This annual report on Form 10-K will be filed by the time a special financial statement report would be due.

In summary, after the Acquisition, APIC will have no outstanding securities other than the equity held by APSG. APIC will have no obligation to issue any shares of its capital stock. The registered APIC shares will never have been actively traded before being held by APSG, a single parent reporting company. Complete information about APIC will be available to the investing public through reports made by APSG under Section 13 of the Exchange Act, which will include consolidated information about APIC; through the annual report on Form 10-K for 2006 to be filed by APIC; through other public reports filed by APIC with the Texas Department of Insurance; and through the Registration Statement filed with the Commission which includes detailed financial and other information about APIC's predecessor, APIE, for 2003, 2004, 2005 and the first nine months of 2006. It is our opinion that there will be no benefit to APIC's continued reporting obligations under the Exchange Act. On the contrary, the preparation of such reports will impose a financial burden on APIC and APSG and will involve

Office of the Chief Counsel
Securities and Exchange Commission
March 26, 2007
Page 6

significant management efforts. Finally, upon filing a full annual report on Form 10-K for 2006, APIC will have satisfied the Commission's requirement that a company file at least one annual report on Form 10-K before being granted no-action relief from Rule 12h-3(c) of the Exchange Act. Accordingly, based on the above-referenced precedents, we respectfully request that the Staff relieve APIC of its reporting obligations under the Exchange Act, effective upon APIC filing a full annual report on Form 10-K for 2006.

Conclusion

In light of the foregoing, we respectfully request that the Staff advise us that it will not recommend that the Commission take any enforcement action if, based on the facts and circumstances described above, after APIC files an annual report on Form 10-K for the fiscal year of 2006 by the time a special financial statement report would be due pursuant to Rule 15d-2 of the Exchange, APIC does not file any further periodic reports that might otherwise be required under Sections 13(a) and 15(d) of the Exchange Act. Upon receipt from the Staff of such relief, after filing an annual report on Form 10-K for the fiscal year of 2006, APIC will file with the Commission a Form 15 pursuant to Rule 12h-3 in order to suspend APIC's further obligations under Section 15(d) to file reports under Section 13 on or before the date on which APIC's periodic report is due pursuant to the Exchange Act.

We would appreciate hearing from you at your earliest convenience. If you require additional information or have any questions concerning this request, please do not hesitate to contact the undersigned, Timothy L. LaFrey, esq. at 512.499.6296.

Very truly yours,

/s/ Timothy L. LaFrey

Timothy LaFrey
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