THE STILWELL GROUP
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March 7, 2008

Dear Fellow Shareholder:

Instead of retiring gracefully in his early 70's, I believe CEO Don Zuk is pushing to sell our gem of a company on the cheap and trigger **a seven-figure payout** to him before he retires. But why the rush to sell our Company on the cheap?

California physicians have every reason to vote against The Doctors Company deal:

1. **Less choice:** A California physician loses choice in selecting a professional liability insurer if TDC swallows SKP. Do you think TDC wants to buy SKP to *reduce* med mal rates? TDC/SKP will have approximately **31%** of the medical insurance business in California leaving California insureds with less competition, potentially higher rates and fewer alternatives.

2. **Tax liability:** If you are one of the California physicians who received SKP shares in exchange for membership interests in the old reciprocal, you generally will be liable for state and federal taxes of $6.80 per share* based on the proposed $28 cash offer for our Company—leaving you with even less capital than before the board recommended this transaction. (This is not tax advice; you should consult with your tax advisor.)

3. **The TDC offer is too low:** SKP earned $2.74 per share last year from the SCPIE Insurance operations (despite spending on extravagances like prime Century City office space and dining at Spago). To *sell* SKP for 10x earnings and only 115% of tangible book value is foolish. (The three other publicly traded professional liability carriers *trade* for 134%, 151% and 167% of book value, respectively.) Where's the premium for selling our Company?

In the fall of 2006, I was invited to meet Dr. Karlan and Don Zuk (at Spago, of course). We discussed the possibility of me joining the board of directors. In between Dr. Karlan jumping up to tell Kirk Douglas at the next table what a lovely golf game he'd had with him the year before, I learned that they were willing to sell the company for the 'right price.' One of the men was willing to sell the company at a minimum of $30 per share and the other for $32 per share with the caveat that the minimum sale price would increase as book value increased (that would be $32-$35 per share today). Why then the rush to take an inadequate cash offer of $28

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per share from The Doctors Company? Might it have to do with **the seven-figure change-of-control payout** (that can take place before Don Zuk retires)? You decide.

In previous letters I have discussed an offer for SKP made last fall by American Physicians Capital, Inc. (ACAP) — a Midwestern-based insurance company of which my investment funds are a 10% owner (as we are in SKP) and on whose board I sit. Although SKP's board rejected the ACAP offer, ACAP never withdrew its offer. There is no assurance, if the proposed $28 offer is voted down, that SKP would be willing to renew discussions of ACAP's offer or that ACAP will renew discussions, or what the value of their offer would be if such discussions were renewed. In writing to you, I have been sharing my personal views on behalf of my investment funds. I am not authorized to speak on behalf of ACAP, nor do I.

I believe that a majority of SKP's shareholders are ill-served by the proposed TDC deal. At least 40% of SKP's shares are owned by California physicians who will face adverse tax liability from a cash deal. Institutional holders of approximately 24% of SKP stock also own ACAP stock.

As I see it, the proposed TDC deal cannot be approved if the California physicians who own 40% of our Company join their votes with my 10% vote against the proposed TDC deal. **I encourage you to vote AGAINST the proposed deal with The Doctors Company**. **Only your last vote will count.** If you've already returned Management's card, you can still change your vote by returning the GOLD card to us or voting via the Internet or telephone. Thank you for your consideration.

Sincerely,

/s/ Joseph Stilwell
Joseph Stilwell

* The estimated tax liability of $6.80 for a California physician who received shares in SKP when it went public in 1997 is calculated as follows. According to SKP's proxy statement, the receipt of cash exchanged for stock will result in a gain between the cash received and the basis (p. 3), the basis for shares received in the public offering would be zero, and this would result generally in a taxable gain of $28 per share. The federal capital gain rate of 15% yields a tax liability of $4.20; California has a marginal tax rate of 9.3% for taxable income levels above $44,819, yielding a California income tax liability of $2.60 per share. Please note that *this is not tax advice*. I urge you to consult your own tax advisor for advice regarding your personal tax liability.