

Alpha Advisors, Inc.

70 West Madison Street, Suite 5300
Chicago, IL 60602
(312) 263-7673

Lawrence H. Lucey, President

Scott Rausch, Vice President

This brochure provides information about the qualifications and business practices of Alpha Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (312) 263-7673. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Dated: March 23, 2012

Item 2 Material changes

On October 22, 2010, Alpha Advisors former parent company, American Physicians Capital, was formally acquired by The Doctors Company (TDC), the largest national insurer of physician and surgeon medical liability. Alpha Advisors' president and founder, Lawrence H. ("Jim") Lucey, has since negotiated an agreement with TDC to buy back Alpha. This purchase became effective 7/31/2011.

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Item 4 Advisory Business

Alpha Advisors, Inc. (Alpha) was founded in 1989 and is a registered investment adviser with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940.

Alpha is incorporated in Illinois and its offices are at 70 West Madison Street, Suite 5300, Chicago, Illinois, 60602.

Alpha specializes in providing fixed income investment management/advisory services to insurance companies. We currently provide fixed income investment management/advisory services to insurance companies with fixed income portfolios totaling over \$128 million (as of 12/31/11) on a discretionary basis.

Alpha works with you to tailor a portfolio that meets your specific risk tolerance level, while making sure there is ample liquidity to meet your needs in uncertain future interest rate environments. In fact, for many years we have been a strong proponent of reasonably matching investments and reserves.

Insurers benefit from investment advisers who understand their business, be it from the standpoint of regulations, accounting, taxes or asset/liability management. In addition to our work in helping you match cash flows to projected liabilities, our experience in this field provides other benefits to our clients:

Regulations

We are familiar with many state investment codes, and we analyze any code changes in order to try to maintain compliance requirements. We also have done drafting work on certain state codes and have requested and received broader interpretations of otherwise very restrictive codes.

Accounting

We understand the impact that various trades can have on the Annual Statement. We are familiar with the statutory accounting practices of the NAIC and GAAP accounting principles. We are also familiar with SVO procedures.

Taxes

The world of taxation is an ever-changing one. As tax changes occur, we become familiar with the “current state of the art.” We are active in many insurance industry groups and can usually remain on the cutting edge through tax presentations and contacts we have developed within the accounting industry.

Alpha’s officer(s) are members of:

- CFA Institute
- CFA Institute of Chicago
- Illinois State Bar Association
- Union League Club of Chicago

Alpha’s President, Jim Lucey, has been a speaker for the following organizations:

- Insurance Tax Conference
- National Association of Independent Insurers
- National Risk Retention Association
- Illinois Association of Life Insurance Companies
- National Association of Life Companies

Item 5 Fees and Compensation

Alpha Advisors, Inc.'s Fee Schedule

0.3% of 1% for the first \$5 million (market value) of assets.

0.2% for the next \$10 million.

0.1% for the next \$35 million.

Over \$50 million, please inquire.

Clients are billed quarterly, in advance, based on the month-end market value of their portfolios as of the last business day of each prior quarter. Our standard agreement allows a client to end its relationship with Alpha with 30 days written notice; a refund will be made of any pre-paid fees, adjusted for the time we have spent as their investment manager.

Clients pay fees directly to their outside custodians. Please see Item 15 "Custody." In purchasing or selling fixed income instruments, brokerage commissions are included in the trade price and not separately reported. Please see Item 12 "Brokerage Practices."

Item 6 Performance-Based Fees

Alpha Advisors does not use any sort of performance-based fees; as noted above, all fees are based on the market value of the portfolio.

Item 7 Types of Clients

Alpha Advisors specializes in serving insurance companies, although it has also managed bond portfolios for charitable institutions (namely, religious orders) in the past. We generally work with portfolios in excess of \$5 million of assets, but will take on smaller clients on a case-by-case basis. For instance, if a potential client's asset size and particular situation means they would be better served by something like mutual funds or exchange-traded funds (ETFs), we will recommend they pursue those options.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Investing in fixed income securities involves two primary risks:

- Interest rate risk, where interest rates rise, lowering the value of your current portfolio. This risk applies to all bond types;
- Credit risk, where the ability of the bond issuer to pay off interest and principal of the debt becomes more uncertain. All securities other than U.S. Treasuries are exposed to this risk.

Alpha Advisors takes both a top-down and bottom-up approach to manage these risks. We closely monitor the overall economy to get an idea of where interest rates are trending, with a focus on:

- The Federal Reserve's monetary policy;
- The U.S. Government's fiscal policy;
- The outlook for supply and demand of new issues;
- The relationship between the dollar, yen and euro;
- What the stock market is doing.

While we recognize the difficulty of predicting future interest rates, we do forecast the direction of rates and adjust purchases and sales accordingly.

We closely follow the economy and the U.S. Treasury, Federal Agency, corporate, mortgage-backed, and taxable and tax-exempt municipal sectors. We monitor sector, industry, credit quality, maturity and individual issue yield spreads to identify areas and issues of special relative value. We emphasize investment grade, liquid issues.

With each individual security, we keep a close eye on its issuer ability to maintain its debt service. This requires an ongoing review of financial statements and news about the issuer. Alpha also analyzes how each security fits into the overall portfolio of a client, with an eye on:

- Duration/maturity/reinvestment risk (bonds maturing in a low-rate environment)
- Diversification effects
- Marketability
- Event risk (the risk of a lower-rated corporation acquiring the issuer of bonds held in the portfolio)
- Cash flows/structure features
- Yield spreads

In doing this review and analysis, we rely on a variety of news and information resources, including:

Bloomberg - full service via two separate PC-based systems

Barron's	Best's Review (Property/Casualty Editions)*
Business Insurance	Best's Review (Life/Health Editions)*
Crain's Chicago Business	The Economist
Forbes	Mergent (Moody's) Bond Record
Pensions & Investments	Standard & Poor's Bond Guide
The Wall Street Journal	

* Including Weekly Management Report, Monthly Magazine and Annual (big book) Reports

Finally, while we do factor in the effects of the stock market on the economy and interest rates, we do not manage common stocks, enabling us to devote our full time to the fixed income markets.

We are not active traders. For one, active trading involves increased transaction costs, which reduce returns. More importantly, NAIC rules can force companies that actively trade in their portfolios to list their holdings at current market values (i.e. “mark to market”) rather than at amortized book value. This adds an unwelcome level of volatility to an insurer’s bond portfolio.

Item 9 Disciplinary Information

The SEC requires disclosure of any material legal or disciplinary event involving Alpha Advisors or its staff. There have been no such events.

Item 10 Other Financial Industry Activities and Affiliations

Alpha Advisors was founded by Lawrence H. (“Jim”) Lucey as an independent investment manager in 1989. In 1998, it was purchased by its largest client, AP Capital, which, in turn, was acquired by The Doctors Company in 2010. Jim Lucey subsequently negotiated an agreement with The Doctors Company to buy back Alpha, which will become effective 7/31/11.

Item 11 Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading

Both of Alpha Advisors' principals are Chartered Financial Analysts, having been certified as such by the CFA Institute, the global, non-for-profit association of investment professionals. As CFA charterholders, they are bound to follow the CFA Code of Ethics and Standards of Professional Conduct. This Code is designed to promote the highest standards of ethics, integrity and professional excellence.

The CFA Institute's Code of Ethics is as follows:

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of and uphold the rules governing capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

A copy of the entire CFA Institute's Code of Ethics and Standards of Professional Conduct can be found at cfainstitute.org website, under "Ethics & Standards."

Item 12 Brokerage Practices

At all times, Alpha traders insure best execution of trades, seizing only those opportunities in which the highest levels are achieved for clients. In terms of purchases, all trades must be made at contemporary market levels. In terms of sales, at least four brokers are to be solicited for bids, with careful records taken and kept of the resulting bids.

If a client directs Alpha to execute a trade through a certain broker, we will do that, while pointing out that it may not be the best execution for that trade.

Over the years, Alpha Advisors has developed trusted relationships with several major brokers, whom have proven reliable in providing market-level quotes for both purchases and sales.

Alpha Advisors does not receive any research or other products and services other than execution from any other third parties in connection with a client's purchases of sales ("soft dollar benefits").

Item 13 Review of Accounts

All accounts are reviewed on an ongoing basis by the President and Vice President, who comprise the Investment Committee. Current prices are compared to cost and changing needs of clients are taken into account during this process. Tax consequences are also taken into consideration, where appropriate. Certain price moves in the market can trigger a change in long-term strategy.

Clients have a choice of monthly or quarterly reports which provide a listing of assets held, prices and various other details on cost and income. As a convenience for our insurance company clients, our reports are constructed in the standard Schedule D reporting format used by insurers.

Item 14 Client Referrals and Other Compensation

We do not compensate any outside parties for client referrals, and we do not receive any compensation from outside parties for providing management services to our clients.

Item 15 Custody

Alpha Advisors does not offer custody services for clients' security holdings, but can recommend outside banks and trust services (for which we receive no consideration). Clients should receive regular statements from both the custodial bank and Alpha Advisors, and we urge you to regularly review and compare both sets of reports.

Item 16 Investment Discretion

Alpha's standard arrangement allows it to make decisions regarding purchasing, selling or changing investments of behalf of our clients. In doing so, our actions shall be limited by any existing investment guidelines we have with our clients, or by any existing State regulations that may apply. We also discuss any change in our investment strategy with our clients before taking action.

Item 17 Voting Client Securities

As Alpha Advisors deals solely in fixed income securities, we do not receive proxies requiring a vote. We do regularly receive tender offers for securities, which we may accept or decline based on our analysis of what would cause the greatest economic benefit to our clients.

In the rare case of corporate reorganizations or restructuring, we will consult with our clients to determine the best course of action.

Appendix 1 Wrap Fee Program

Alpha Advisors does not offer any wrap fee programs, so this section is not applicable.

Part 2B: Brochure Supplement

Item 1 Cover Page

Lawrence H. “Jim” Lucey, CFA

President

Alpha Advisors, Inc.
70 West Madison Street, Suite 5300
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This brochure provides information about Lawrence H. “Jim” Lucey that supplements the Alpha Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Scott Rausch at Alpha Advisors if you did not receive Alpha Advisors’ brochure or if you have any questions about the contents of this supplement.

Dated: March 23, 2012

Item 2 Educational Background and Business Experience

Lawrence Haydn “Jim” Lucey, CFA, is President of Alpha Advisors, Inc. Jim has been managing portfolios since 1969 and has specialized in insurance portfolios since the mid 1970’s. He began his career at the Continental Illinois National Bank’s Trust Department, where he spent 14 years and left as a Vice President. He then spent 6 years at The Chicago Corp., a regional investment firm, where he was a Senior Vice President.

Jim has his B.S. in Industrial Economics from Purdue University, his M.B.A. in Finance from the University of Chicago and his J.D. from Loyola University School of Law. He is a Chartered Financial Analyst (CFA) and is admitted to the Illinois State Bar.

Please note that the CFA certification requires the passing of three rigorous exams totaling eighteen hours, which require a broad body of knowledge fundamental to the practice of investment management. CFA charterholders also are bound to follow the CFA Code of Ethics and Standards of Professional Conduct. This Code is designed to promote high standards of ethics, integrity and professional excellence.

Jim is a member of the CFA Institute (formerly the Association for Investment Management and Research), the CFA Society of Chicago and its Insurance sub-group, the Illinois State Bar Association, the Union League Club of Chicago and Michigan Shores Club. His biography has appeared in *Who’s Who in the Midwest* and *Who’s Who in Finance and Industry*.

Item 3 Disciplinary Action

Mr. Lucey has never been involved in any legal or disciplinary action involving the securities industry.

Item 4 Other Business Activities

Mr. Lucey's primary activity is Alpha Advisors. No other business or civic activity takes up a substantial amount of his time ("Substantial" being defined as 10% or more by the S.E.C.)

Item 5 Additional Compensation

Mr. Lucey receives no additional compensation from any third parties related to his investment management activities.

Item 6 Supervision

As President of Alpha Advisors, Mr. Lucey is the final authority on all investment and corporate decisions. Again, as per the CFA Institute's ethical guidelines, the interests of clients and the integrity of the investment profession are paramount in all of Alpha's activities.

Part 2B: Brochure Supplement

Item 1 Cover Page

Scott R. Rausch, CFA

Vice President

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Dated: March 23, 2012

Item 2 Educational Background and Business Experience

Scott R., CFA has been Vice President of Alpha Advisors, Inc. since 1996. Prior to joining the firm, he had ten years of experience in financial analysis within the non-profit sector.

Mr. Rausch has his B.S.S. in Communications from Northwestern University and his M.B.A. in Finance from the University of Chicago Graduate School of Business, where his academic focus included optimum corporate structures, portfolio analysis and financial statement accounting. A Chartered Financial Analyst, he is a member of the CFA Institute and the CFA Society of Chicago.

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Item 5 Additional Compensation

Mr. Rausch receives no additional compensation from any third parties related to his investment management activities.

Item 6 Supervision

Mr. Rausch reports to the President of Alpha Advisors, Lawrence H. “Jim” Lucey. Mr. Lucey can be contacted at (312) 263-7673.