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July 13, 2026

Via eCourts

Hon. Jodi F. Bouer, J.S.C.
Superior Court of New Jersey, Chancery Division
175 South Broad Street
Trenton, NJ 08650

Re: Susan Ochs, Acting Commissioner of the New Jersey Department of Banking and Insurance v. New Jersey Physicians United Reciprocal Exchange
Docket No. MER-C-32-26
Reply of Plaintiff to Responses to Order to Show Cause
Hearing Date: July 27, 2026 at 9 a.m.

Dear Judge Bouer:

Please accept this letter brief on behalf of the Plaintiff, Acting Commissioner of the New Jersey Department of Banking and Insurance (“Commissioner”), as the Reply to the Responses filed to the May 26, 2026, Order to Show Cause (“OTSC”) in the above-referenced action.

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PRELIMINARY STATEMENT

New Jersey Physicians United Reciprocal Exchange (“NJ PURE”) is a reciprocal insurance exchange licensed to exchange medical malpractice insurance in the State of New Jersey. NJ PURE is insolvent, as defined at N.J.S.A. 17:30C-1(a), and the Commissioner has found that it is in a hazardous financial condition pursuant to N.J.A.C. 11:2-27.3. The Commissioner is authorized to seek an order of liquidation with respect to an insurer regardless of whether a prior order of rehabilitation has been issued regarding that insurer. N.J.S.A. 17:30C-8. The Commissioner has determined, in light of the decline of NJ PURE’s financial condition as described in the Verified Complaint and OTSC filings, to proceed to place NJ PURE directly into liquidation. Liquidation is necessary for the protection of NJ PURE’s subscribers/policyholders, creditors and the public.

On July 6, 2026, NJ PURE filed a Non-Contesting Answer to the Verified Complaint filed by the Commissioner, which did not oppose, and consented to, the entry of an Order of Liquidation. None of the Responses filed to the OTSC contest that an Order of Liquidation should be entered.

The Responses do refer to the stay of litigation imposed by the OTSC, and by statute, on actions for which NJ PURE is providing a defense to its subscribers. The stay in the OTSC becomes a 120-day statutory stay upon entry of an Order of Liquidation pursuant to N.J.S.A. 17:30A-18. As is set forth in detail in the Replies of the New Jersey Property-Liability Guaranty Association (“NJPLIGA” or “Guaranty Association”) to the Responses, this stay is essential to the ability of the Guaranty Association to perform its statutory responsibilities. The 120-day statutory stay will give ample opportunity for the Guaranty Association to receive claim files, review them, assess whether the claims in those matters

constitute “covered claims” under the Guaranty Association’s enabling act at N.J.S.A. 17:30A-1 et seq. (the “Guaranty Association Act”), and, if so, to provide a defense and, if appropriate, payment for “covered claims” pursuant to the Guaranty Association Act. For all of the reasons set forth by the Guaranty Association, any relief requested in the Responses to the OTSC should be denied to the extent that it is inconsistent with the statutory stay mandated by N.J.S.A. 17:30A-18.

RESPONSES TO THE OTSC

Estate of Jimerson Limited Response (Docket No. MID-L-6347-22)

The stated purpose of the Jimerson Limited Response (filed on June 4, 2026) is “solely to preserve and protect the Estate’s rights and to request clarification that the requested relief does not operate to extinguish, impair, delay indefinitely, or otherwise prejudice Plaintiff’s claims against insureds, co-defendants, other insurers, successor insurers, guaranty associations, or non-NJ PURE assets.” Jimerson further asserts that “the Court’s Order to Show Cause imposes broad restraints, including a stay of litigation involving NJ PURE and actions for which NJ PURE is providing a defense to subscribers, ... and respectfully submits that such restraints should be narrowly construed and should not be interpreted as barring the continued prosecution of claims against parties and insurance resources independent of NJ PURE.” See Jimerson Limited Response, p. 2.

First, nothing in the OTSC or the proposed Order of Liquidation will prejudice Jimerson’s substantive claims against NJ PURE, third parties, the Guaranty Association, or non-NJ PURE assets. Second, as to the stay issue, the position of the Commissioner is the same as that of the Guaranty Association. Any relief requested in the Jimerson Limited

Response should be denied to the extent that it is inconsistent with the statutory stay mandated by N.J.S.A. 17:30A-18.

Estate of Gaza Response (Docket No: ESX-L-3285-15, A-2310-22 & 091401)

The stated purpose of the Gaza Response (filed on July 2, 2026) is to oppose the injunctive relief in the OTSC. The Gaza Response asserts that “the issue to be resolved by the Supreme Court will have absolutely no bearing on the insolvency proceedings before this Court ... [and] all injunctive relief granted by this Court pending NJ Pure’s liquidation is inapplicable to this matter.” See Gaza Response, p. 2. Thus, “there is absolutely no reason why Plaintiff’s case should be stayed in the Supreme Court pending the liquidation proceedings.” See Gaza Response, p. 4.

First, the Gaza Response attached an Order from the Supreme Court (Exh. A) staying the Gaza case pending consideration of the appeal. Not only is the Gaza case already stayed by the Supreme Court, but this court cannot stay matters pending in the Supreme Court as a matter of law. Therefore, it does not appear that there is a stay issue to be decided with respect to the Gaza Response. Second, in any event, any relief requested in the Gaza Response should be denied to the extent that it is inconsistent with the statutory stay mandated by N.J.S.A. 17:30A-18.

Estate of Schiffino Limited Response (Docket No: HUD-L-2291-23)

The stated purpose of the Schiffino Limited Response (dated July 3, 2026) is “solely to request that any stay ordered by this Court pursuant to N.J.S.A. 17:30A-18 or otherwise not be extended to the non-insolvent unaffiliated defendants in the Schiffino Matter.” See Schiffino Limited Response, p. 2. Schiffino further asserts that “[e]xtending the stay indefinitely to non-insolvent defendants contravenes this purpose because it transforms a

claimant-protective mechanism into a tool that delays injured parties from pursuing solvent tortfeasors who have no connection to the insolvency administration.” See Schiffino Limited Response, p. 3. The Schiffino Limited Response was received by counsel for the Guaranty Association. While captioned in this court, it appears to only have been filed in the underlying Hudson County case in response to counsel for NJ PURE filing the OTSC and requesting that the Hudson County case be stayed.

As stated herein, and to the extent that the Schiffino Limited Response is considered by this court, the position of the Commissioner is the same as that of the Guaranty Association. Any relief requested in the Schiffino Limited Response should be denied to the extent that it is inconsistent with the statutory stay mandated by N.J.S.A. 17:30A-18.

ARGUMENT

THERE IS NO DISPUTE THAT NJ PURE IS INSOLVENT, THAT AN ORDER OF LIQUIDATION SHOULD BE ENTERED, AND THAT A STATUTORY 120-DAY STAY WILL THEREBY BE TRIGGERED.

N.J.S.A. 17:30C-1 et seq. authorizes the Commissioner to petition the Superior Court for an Order of Liquidation if an insurer is insolvent, regardless of whether or not an Order of Rehabilitation has been previously entered. N.J.S.A. 17:30C-8(b). Under N.J.S.A. 17:30C-8, the Commissioner may also apply for an Order of Liquidation upon any of the grounds for rehabilitation under N.J.S.A. 17:30C-6. Therefore, liquidation is appropriate if an insurer is “impaired or insolvent,” N.J.S.A. 17:30C-6(a); or “is found ... to be in such condition that its further transaction of business will be hazardous to its policyholders, or to its stockholders, or to its creditors, or to the public,” N.J.S.A. 17:30C-6(f).

There is no dispute that NJ PURE is insolvent, as defined at N.J.S.A. 17:30C-1(a). NJ PURE has filed a Non-Contesting Answer to the Verified Complaint filed by the

Commissioner, which did not oppose, and consented to, the entry of an Order of Liquidation. None of the Responses filed or received to the OTSC contest that an Order of Liquidation should be entered. Thus, liquidation is appropriate under N.J.S.A. 17:30C-8 and -6(a). NJ PURE is in a financial condition that is hazardous to its subscribers/policyholders, its creditors, and to the public. Therefore, liquidation is necessary under N.J.S.A. 17:30C-8 and -6(f).

As stated above, the stay in the OTSC becomes a 120-day statutory stay upon entry of an Order of Liquidation pursuant to N.J.S.A. 17:30A-18, subject to full or partial waiver by the Guaranty Association in specific cases involving covered claims. The Replies of the Guaranty Association set forth in detail why this stay is essential to the ability of the Guaranty Association to perform its statutory responsibilities. The 120-day statutory stay gives the Guaranty Association the ability to receive claim files, review them, assess whether the claims in those matters constitute “covered claims” under the Guaranty Association Act at N.J.S.A. 17:30A-1 et seq., and, if so, to provide a defense and, if appropriate, payment for “covered claims” pursuant to the Guaranty Association Act.

CONCLUSION

For all of the foregoing reasons, the Commissioner requests that the court approve the Commissioner's Petition to Liquidate NJ PURE, enter the revised Order of Liquidation filed herewith, and deny any relief requested in the Responses to the OTSC to the extent that it is inconsistent with the statutory stay mandated by N.J.S.A. 17:30A-18.

Respectfully submitted,

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