

JENNIFER DAVENPORT
ATTORNEY GENERAL OF NEW JERSEY
Richard J. Hughes Justice Complex
25 Market Street
P.O. Box 117
Trenton, New Jersey 08625
Attorney for Commissioner of the New Jersey Department of Banking and Insurance

By: Jeffrey S. Posta (NJ Attorney ID# 023971982)
Deputy Attorney General (609) 376-2965
Jeffrey.Posta@law.njoag.gov

**SUSAN OCHS, ACTING
COMMISSIONER OF THE NEW JERSEY
DEPARTMENT OF BANKING AND
INSURANCE,**

PLAINTIFF,

v.

**NEW JERSEY PHYSICIANS UNITED
RECIPROCAL EXCHANGE,**

DEFENDANT.

**SUPERIOR COURT OF NEW JERSEY
MERCER COUNTY
CHANCERY DIVISION**

DOCKET NO.: MER-C-32-26

ORDER OF LIQUIDATION

THIS MATTER having been opened to the court by Jennifer Davenport, Attorney General of New Jersey, by Jeffrey S. Posta, Deputy Attorney General, as attorney for the Plaintiff, Acting Commissioner (“Commissioner”) of the New Jersey Department of Banking and Insurance (“Department”), upon notice to all parties requiring notice, on application for an Order to be entered: (a) declaring New Jersey Physicians United Reciprocal Exchange (“NJ PURE”) to be insolvent; (b) directing the Commissioner to liquidate NJ PURE; and (c) permanently enjoining all persons and entities from pursuing litigation against NJ PURE or from interfering with the Commissioner’s efforts to liquidate NJ PURE, and the court having considered this application and any opposition thereto, and for good cause shown, the court hereby finds that:

1. NJ PURE is a reciprocal insurance exchange licensed to exchange medical malpractice insurance in the State of New Jersey, domiciled in the State of New Jersey, and governed by the provisions of Title 17 of the Statutes of New Jersey.

2. This court has general jurisdiction, pursuant to N.J.S.A. 17:30C-1 et seq., and N.J.S.A. 17:50-10, over this proceeding.

3. The notice of the Petition for Liquidation to interested persons evidenced by the Certification and Notice filed with the court constitutes the best notice practicable under the circumstances and meets the requirements of due process concerning such notice.

4. Sufficient grounds exist pursuant to N.J.S.A. 17:50-5, N.J.S.A. 17:30C-6(a), -6(f), and N.J.S.A. 17:30C-8, for entry of an Order of Liquidation, and such Order of Liquidation should be entered pursuant to N.J.S.A. 17:30A-9.

It is, therefore, on this _____ day of _____, 2026, ORDERED:

1. Pursuant to N.J.S.A. 17:30C-1, et seq., NJ PURE is deemed to be insolvent and is in such a financial condition that its further transaction of business will be hazardous to its subscribers/policyholders, to its creditors, and to the public.

2. The Commissioner is appointed as Liquidator of NJ PURE with all the power and authority expressed or implied by N.J.S.A. 17:30C-1, et seq., including the power to appoint and recompense a Deputy Liquidator pursuant to N.J.S.A. 17:30C-17. The Deputy Liquidator shall have no personal liability for his acts or omissions in connection with his duties as Deputy Liquidator provided that such acts or omissions are undertaken or committed in good faith and without willful misconduct, or willful, wanton, or gross negligence or criminal intent. The Deputy Liquidator shall not be deemed to be an employee of the State of New Jersey and accordingly shall not be subject to the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. All expenses and costs incurred by the Deputy Liquidator in connection with lawsuits against him in his personal capacity shall, subject to

the prior written approval of the Commissioner and the court, be paid out of the funds and assets of NJ PURE, provided that such lawsuits are not the result of any bad faith, willful misconduct, gross negligence, or criminal actions on the part of the Deputy Liquidator.

3. The Commissioner is hereby vested with title to all assets of NJ PURE, including but not limited to any of NJ PURE's contracts, causes of action, books, records, bank accounts, certificates of deposits, funds, securities or other funds and all real or personal property of any nature, including furniture, fixtures and office supplies, wherever located, including such property of NJ PURE which may be discovered hereafter, and is hereby directed to take immediate and exclusive possession and control of same. The filing or recording of this Order with the Clerk of this court and with the recorder of deeds of the jurisdiction in which NJ PURE's corporate administrative offices are located or, in the case of real estate, with the recorder of deeds of the jurisdictions where the properties are located, shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title filed or recorded. Except as otherwise indicated elsewhere in this Order, and upon notice provided by the Liquidator, all agents and brokers and all other persons or entities, including Reciprocal Attorney-In-Fact, Inc. ("RAF"), as Attorney-in-Fact ("AIF") for NJ PURE, holding funds, assets, or property of or on behalf of NJ PURE shall forthwith file an accounting of those funds, assets or property with the Liquidator and shall, within 10 days of the service of this Order, turn said funds, assets, or property over to the Liquidator. The Liquidator shall take such actions as she may deem necessary and appropriate to protect and preserve NJ PURE's assets.

4. The Commissioner is directed to liquidate NJ PURE.

5. The Commissioner shall deal with the property and business of NJ PURE in her own name as Commissioner or as Liquidator in the name of NJ PURE.

6. All persons and entities shall be permanently enjoined from pursuing litigation against NJ PURE or from interfering with the Commissioner's efforts to liquidate NJ PURE.

7. There shall be no further payments of claims by NJ PURE except at the directive of the Commissioner or of this court.

8. All claims against NJ PURE must be asserted not later than 180 days from the date of the Order of Liquidation, in the form established by the Commissioner, or such claims will be forever barred.

9. The Commissioner as Liquidator shall establish procedures governing the payment of claims by NJ PURE.

10. All secured creditors or parties, lienholders, collateral holders or other persons claiming secured, priority or preferred interests in any property or assets of NJ PURE, including any governmental entity, are hereby permanently enjoined from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of NJ PURE.

11. Effective immediately and for 120 days after entry of this Order of Liquidation, or such additional time as a court, arbitrator or mediator may permit, all court actions, arbitrations and mediations for which NJ PURE or the New Jersey Property-Liability Insurance Guaranty Association (“NJPLIGA”), created pursuant to N.J.S.A. 17:30A-1 et seq. to provide payment of certain covered claims on behalf of policyholders/subscribers and claimants of insolvent insurers, is providing a defense to NJ PURE subscribers in the State of New Jersey or elsewhere, are hereby stayed, and the Commissioner’s representatives shall cause to be delivered to all Civil Presiding Judges and Civil Case Managers a copy of this Order of Liquidation upon receipt of an executed copy.

12. All officers, directors, trustees, subscribers/policyholders, agents, and employees of NJ PURE, and all other persons or entities of any nature, including but not limited to claimants, reinsurers, plaintiffs, petitioners and any governmental agencies having claims of any nature against

NJ PURE, including crossclaims, counterclaims and third-party claims, are hereby enjoined and restrained from:

(a) Conducting any portion or phase of the business of NJ PURE unless so authorized by the Liquidator or her designee;

(b) Pursuing litigation against NJ PURE, including bringing, maintaining or further prosecuting any action at law or equity, arbitration, special, or other proceeding against NJ PURE or against the Commissioner and her successors in office as Liquidator thereof, or against the Deputy Liquidator appointed pursuant to Paragraph 2 above;

(c) Making or executing any levy upon the property of NJ PURE;

(d) Instituting, maintaining or further presenting any suit at law or equity or any collection activity, or any other proceeding of any nature against any subscriber/policyholder or insured of NJ PURE resulting from NJ PURE's insolvency or financial condition or the failure of NJ PURE to pay any claim or to meet any of its contractual obligations due to its insolvency or financial impairment;

(e) Interfering in any way with the Liquidator, or any successors in office, in her possession of or title to the property and assets of NJ PURE, or in the discharge of her duties pursuant to this Order. All persons or entities of any nature, other than the Liquidator, are hereby restrained from commencing, maintaining or further prosecuting any direct or indirect actions against any reinsurer of NJ PURE or its direct and indirect insurance subsidiaries for proceeds of reinsurance policies issued to and treaties or other agreements with NJ PURE.

13. NJ PURE, its officers, directors, AIF, subscribers/policyholders, agents and employees, and all other persons or entities of any nature, having any property or records belonging to NJ PURE, or pertaining to the business of NJ PURE, including data processing information and records of any kind, are hereby directed to assign, transfer and deliver to the Liquidator all of such

property in whatever name the same may be, and any persons, firms or corporations having any books, papers or records relating to the business of NJ PURE or its direct and indirect insurance subsidiaries, shall preserve the same and submit these to the Liquidator for examination within a reasonable time.

14. The Liquidator shall have the power:

- (a) to conduct the business of NJ PURE under the general supervision of the court;
- (b) to honor, as expenses of administration, all expenses heretofore incurred by the Commissioner, or by her designees and appointees, which currently remain unpaid;
- (c) to pay from the funds or assets of NJ PURE or from such other funds that may become available to her all expenses of marshaling, taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of NJ PURE;
- (d) to collect all debts and monies due and claims belonging to NJ PURE, wherever located, where economically feasible and for this purpose:
 - (i) to institute and maintain timely actions in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts;
 - (ii) to do such other acts as are necessary or expedient to marshal, collect, conserve or protect any of NJ PURE's assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as she deems appropriate, and the power to initiate and maintain actions at law or equity or any other type of action or proceeding of any nature, in this and other jurisdictions; and
 - (iii) to pursue any creditor's remedies available to enforce the Liquidator's claims;
- (e) to conduct public and private sales of the assets and property of NJ PURE, including any real property;

(f) to acquire, invest, deposit, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any asset or property of NJ PURE, and to sell, reinvest, trade or otherwise dispose of any securities or bonds presently held by NJ PURE, upon such terms and conditions as the Liquidator deems to be fair and reasonable, irrespective of the value at which such property was last carried on the books of NJ PURE. The Liquidator shall also have the power to execute, acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation;

(g) upon approval of the Court, to borrow money on the pledge of assets of NJ PURE with or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation. Neither the Commissioner nor her designees or appointees shall be held liable in their official or personal capacities for any loans made for such purposes;

(h) to enter into such contracts as are necessary to carry out this Order and to affirm or disavow any contracts to which NJ PURE is a party;

(i) to institute and to prosecute, in the name of NJ PURE or in her own name, any and all suits and other legal proceedings, to defend suits to which NJ PURE or the Liquidator is a party, in this State or elsewhere, commenced prior or subsequent to this Order, to abandon the prosecution or defense of suits, legal proceedings and claims which she deems inappropriate to pursue further and to compromise suits, legal proceedings or claims on such terms and conditions as she deems appropriate;

(j) to prosecute any action which may exist on behalf of the creditors or subscribers/policyholders against any officer or director of NJ PURE or any other person or entity;

(k) to perform such further and additional acts as she may deem necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation, it being the intention of this Order that the aforesaid enumeration of powers shall not be construed as a limitation upon the Liquidator or Deputy Liquidator.

15. The Liquidator may at her discretion as of the date of this Order discontinue the defense of claims, suits and other proceedings, in this State and elsewhere, in which NJ PURE and/or the subscribers/insureds of NJ PURE are parties, including those claims made and suits and proceedings undertaken prior to the date of this Order.

16. The Liquidator shall give or cause to be given notice of the entry of this Order as soon as practicable after the date of this Order.

17. The amounts recoverable by the Liquidator from any reinsurer of any reinsurance contract or reinsurer of NJ PURE shall not be reduced as a result of this delinquency proceeding, or by reason of any partial payment or distribution on a reinsured policy, contract or claim. Setoffs shall be allowed between NJ PURE and its reinsurer only with the consent of the Liquidator. Unless either the insurance contract or an applicable statute provides to the contrary, payment made directly to an insured or other creditor shall not diminish the reinsurer's obligation to NJ PURE.

18. (a) Any agent, broker, premium finance company, or any other person, other than the insured, responsible for the payment of a premium, shall be obligated to pay any unpaid premiums, whether earned or unearned, as shown on the records of NJ PURE as of the date of entry of this Order. No credit or set-off shall be allowed in favor of such person against his account with NJ PURE for the unearned portion of the premium on any canceled contract or policy, unless (i) that contract or policy was canceled prior to the entry of this Order; and (ii) the unearned premium on the canceled contract or policy was in fact refunded or credited to the insured or his or her assigns prior

to the entry of this Order. The Liquidator shall also have the right to recover from such person any part of an unearned premium that represents a commission to such person.

(b) All subscribers/policyholders of NJ PURE shall be obligated to pay any unpaid earned premium due to NJ PURE at any time, as shown on the records of NJ PURE.

19. Existing contracts and other obligations by and between NJ PURE and any reinsurer may, at the discretion of the Liquidator, be terminated. Such termination shall be effected by written notice issued by the Liquidator addressed to the reinsurer.

20. All further papers filed in these proceedings shall bear the caption and be entitled: "I/M/O the Liquidation of New Jersey Physicians United Reciprocal Exchange."

21. If any provision of this Order or the application thereof is for any reason held to be invalid, the remainder of this Order and the application thereof to other persons or circumstances shall not be affected.

22. Any person, corporation or other entity having notice of this Order who fails to abide by its terms shall be directed to appear before this court to show good cause, if any they may have, as to why they should not be held in contempt of court for violation of the provisions of this Order.

23. The Commissioner as Liquidator may at any time make further application for such additional and different relief as she sees fit.

24. This court shall retain jurisdiction for all purposes necessary to effectuate and enforce this Order.

Hon. Jodi F. Bouer, J.S.C.

____ Opposed

____ Unopposed

