

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking) **CONSENT ORDER**
and Insurance, State of New Jersey, Related to)
New Jersey Physicians United Reciprocal)
Exchange)

TO: New Jersey Physicians United Reciprocal
214 Carnegie Center
Suite 101
Princeton, NJ 08540

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“the Commissioner”), State of New Jersey, upon complaints received by the Department of Banking and Insurance (“the Department”) related to marketing materials disseminated by New Jersey Physicians United Reciprocal Exchange (“NJ PURE”) alleged to be in violation of the insurance laws of the State of New Jersey; and

WHEREAS, NJ PURE is a reciprocal insurance exchange authorized to transact business in the State of New Jersey to provide medical malpractice liability insurance pursuant to N.J.S.A. 17:17-1, et seq. and to N.J.S.A. 17:50-1, et seq.; and

WHEREAS, the Commissioner issued Order to Show Cause No. E09-73 on November 13, 2009 alleging violations of the Trade Practices Act, N.J.S.A. 17:29B-1 et seq., by NJ PURE, and seeking to impose penalties and to have NJ PURE cease and desist from disseminating

advertisements containing statements that were derogatory to the financial condition of competitor insurers; and

WHEREAS, NJ PURE, Brunswick Hill Obstetrics and Daniel Beim, M.D., have initiated a Complaint in the United States District Court for the District of New Jersey, Docket No. 3:10-cv-00599 (MLC/LHG) ("Complaint"), challenging the constitutionality of N.J.S.A. 17:29B-4, both facially and as applied, under both the Constitutions of the United States and the State of New Jersey; and

WHEREAS, NJ PURE, having acknowledged the publication of materials giving rise to the Order to Show Cause and without admitting or denying liability relating there to, and having acknowledged its responsibility to comply with all applicable New Jersey insurance laws and regulations, has agreed to pay an administrative fine of \$10,000.00; and

WHEREAS, the parties desire to resolve this matter without resort to a formal administrative hearing, and further good cause appearing;

NOW THEREFORE, IT IS on this day of June , 2010

ORDERED AND AGREED that NJ PURE shall pay an administrative fine in the total amount of \$10,000 upon its execution of the within order, to the "State of New Jersey, General Treasury," c/o DAG Raymond R. Chance, III, 22 South Clinton Avenue, Building 4, 2nd Floor, P.O. Box 117, Trenton, New Jersey, 08625, and

IT IS FURTHER ORDERED AND AGREED that the Commissioner shall dismiss with prejudice all charges as contained in The Order to Show Cause E-09-73 in the Office of Administrative Law; and

IT IS FURTHER ORDERED AND AGREED that NJ PURE shall dismiss with prejudice all counts related to the "as applied" challenge and shall dismiss without prejudice all counts related to the "facial" challenge to the constitutionality of N.J.S.A. 17-29B-4 in the aforesaid "Complaint"; and

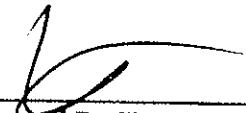
IT IS FURTHER ORDERED AND AGREED that the terms of this Consent Order shall represent a final agency decision and constitute a final resolution of the allegations contained therein.

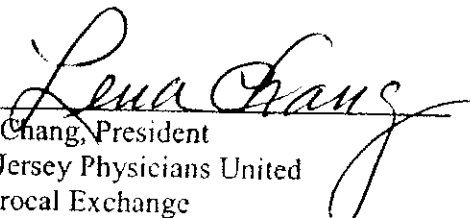
Thomas Considine
Commissioner

Consented to as to form,
content, and entry:

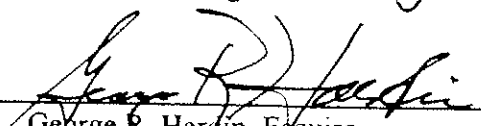
Paula T. Dow
Attorney General of New Jersey
Attorneys for New Jersey Department of
Banking and Insurance

Dated: June 17, 2010

By: 
Raymond R. Chance, III
Deputy Attorney General

By: 
Lena Chang, President
New Jersey Physicians United
Reciprocal Exchange

Dated: June 11, 2010

By: 
George R. Hardin, Esquire
Hardin Kundla, P.A.
Attorneys for New Jersey Physicians
United Reciprocal Exchange

Dated: June 11, 2010