



April 29, 2009

To Whom It May Concern,

Recently we became aware of a defamatory statement made regarding NJ PURE by the law firm Kern, Augustine, Conroy & Schoppman. While it is not customary for NJ PURE to give credibility to any such remarks by addressing them publicly, the statement was of such a misleading nature as to be potentially damaging to our reputation. Hence, we feel compelled to address them in detail.

A recent StatLaw circular and a *MD News* issue contained an article authored by the law firm of Kern, Augustine, Conroy & Schoppman. That article contained a headline titled "Rating Company Issues Warning on NJ PURE." The article later cites TheStreet.com Ratings, Inc. as the independent rating agency that issued a warning on NJ PURE. This is a patently false statement and may be verified by contacting TheStreet.com's rating department. In fact, no warning of any kind was ever issued on NJ PURE by ANY rating company at any time.

It should be noted that NJ PURE does not hold the rating opinions of TheStreet.com Ratings, Inc. in the same regard as those rendered by A.M. Best, which was founded in 1899 with its sole objective to rate the financial strength of insurance companies. To put TheStreet.com's aberrational ratings of NJ PURE into proper context, we have provided the A.M. Best ratings of the largest writers of medical malpractice policies in New Jersey and their respective ratings issued by TheStreet.com Ratings, Inc. side by side for ease of your comparison:

	AM Best Rating	TheStreet.com Ratings, Inc.
1. Princeton Ins. Co. (MLMIC)	NR-5 ¹	D+ (Weak Financial Strength)
2. MD Advantage	NR-5	D+ (Weak Financial Strength)
3. ProSelect (ProMutual)	A- (Excellent)	C (Fair)
NJ PURE	NR-5	E+ (Very Weak Financial Strength)

Other notable rating comparisons.:

Crum & Forster Indemnity	A (Excellent)	D+ (Weak Financial Strength)
General Security National	A- (Excellent)	D- (Weak Financial Strength)
Mercury Indemnity Co. of America	A+ (Superior)	D- (Weak Financial Strength)
National Continental Insurance Co.	A (Excellent)	D+ (Weak Financial Strength)

¹ NR-5 – Not Formally Followed
NJ PURE Page 1 of 3

More importantly, all financial information of an insurance company is constantly reviewed by the New Jersey Department of Banking and Insurance. The New Jersey Department of Banking and Insurance (NJ DOBI) adopts the National Association of Insurance Commissioners (NAIC) Insurance Regulatory Information System (IRIS) ratio tests in its regulatory oversight of insurance companies. IRIS ratios use the financial statements data of the insurer to calculate a series of financial ratios, which are then taken as a measure of the insurer's overall financial condition. The IRIS ratios act as an early-warning protection, which aids state insurance departments to identify those companies that show financial problems. NJ PURE's Year-end 2008 Financial Statement ratios fell **well within all normal ranges** of these IRIS tests, illustrating the magnitude of the misleading statements contained in these articles.

Relevant History

When NJ PURE was founded in the Fall of 2002, we made the bold business decision not to utilize the traditional "middle-man" agents and brokers in order to eliminate the average 10% annual commissions. Prior to the inception of NJ PURE, New Jersey physicians typically relied solely upon their agents or brokers to guide them in choosing their medical malpractice insurance company. However, despite obvious financial warnings issued publicly about MIIX - an estimated 45% of the state's physicians were ***still insured with MIIX*** at the time its doors closed in the Fall of 2002. As a result, many questioned whether agents or brokers in the marketplace were more focused on preserving their commission amounts from the insurance carriers as opposed to looking to protect the physicians' interests.

Despite continuous requests by agents, NJ PURE refuses to employ agents/brokers in marketing its products to physicians. As a result, significant hostility and resentment has been generated against NJ PURE by the agents and brokers who lost commissions from responsible physicians who joined NJ PURE.

Revealed: Background on Authors of StatLaw and MD News article

Steve Kern, Esq., a principal senior partner of the law firm Kern, Augustine, Conroy & Schoppman, the law firm that authored the circular, is also the father of Brian Kern, Esq. who is not only of-counsel at the law firm himself, ***but more importantly is a principal*** at an insurance agency that directly competes with NJ PURE— McLachlan Kane Insurance Agency. The McLachlan Kane Insurance Agency has been an aggressive competitor of NJ PURE for several years. Since NJ PURE's inception, every physician who previously purchased insurance through Brian Kern and his agency but subsequently decided to join NJ PURE, directly reduced Kern's commission income. (Brian Kern has recently co-founded Argent Agency).

We hope and expect that this information sheds some light on the underlying interest of the authors and their associated parties for publishing the recent article against NJ PURE.

NJ PURE Highlights

The chart below provides you with NJ PURE's most recent (year end 2008) highlights; reported financial information together with its Five Year History.

NJ PURE Five Year Financial Statement Highlights (Source: NAIC)

	Gross Written Premiums	Surplus (Net Worth)	Admitted Assets
2004	\$ 11,510,168	\$ 7,056,817	\$ 15,660,955
2005	\$ 15,311,575	\$ 9,859,636	\$ 25,190,023
2006	\$ 16,708,093	\$ 11,495,294	\$ 32,830,048
2007	\$ 16,724,796	\$ 12,412,840	\$ 40,750,382
2008	\$ 16,223,436	\$ 11,824,750	\$ 43,021,431

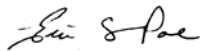
Additional important facts of NJ PURE's financial strength:

1. **NO RATE INCREASES IN FIVE YEARS** - January, 1, 2009 marked NJ PURE's 5th anniversary without implementing a rate increase to its physicians. This five year period of no rate increases is the longest span for all medical malpractice insurers writing in New Jersey. If indeed it were true that NJ PURE was in severe financial duress an obvious question should be asked, *"Why would NJ PURE not adopt a rate increase over the past 5 calendar years?"*
2. **COMPREHENSIVE REINSURANCE** - NJ PURE continues to maintain one of the most comprehensive reinsurance contracts by A.M. Best rated "A" reinsurers. These reinsurers protect NJ PURE beginning at \$250,000 of a claim up to the policy limit. For comparison purposes, according to recent financial statements filed by Princeton (MLMIC), Princeton insurance's largest net aggregate risk is \$5 million.

While we anticipate our reputation will continue to be the subject of constant attack by those who stand to lose the most with NJ PURE's success, we will continue to take the necessary measures to preserve and protect our reputation. As always we welcome the opportunity to respond directly to any additional questions or document requests that you may have.

Please feel free to contact me directly at 609-520-3067.

Regards,



Eric S. Poe, Esq. CPA
Chief Marketing and Business Development Officer, Vice President
New Jersey Physicians United Reciprocal Exchange (NJ PURE)