

MUNIHOLDINGS NEW JERSEY INSURED FUND INC  
Form N-30D  
March 19, 2001

[LOGO] Merrill Lynch Investment Managers

Semi-Annual Report

January 31, 2001

MuniHoldings  
New Jersey  
Insured Fund, Inc.

[www.mlim.ml.com](http://www.mlim.ml.com)

MuniHoldings New Jersey Insured Fund, Inc.

#### The Benefits and Risks of Leveraging

MuniHoldings New Jersey Insured Fund, Inc. utilizes leverage to seek to enhance the yield and net asset value of its Common Stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, the Fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the Fund's Common Stock. However, in order to benefit Common Stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Stock shareholders. If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.

To illustrate these concepts, assume a fund's Common Stock capitalization of \$100 million and the issuance of Preferred Stock for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. The fund pays dividends on the \$50 million of Preferred Stock based on the lower short-term interest rates. At the same time, the fund's total portfolio of \$150 million earns the income based on long-term interest rates. Of course, increases in short-term interest rates would reduce (and even eliminate) the dividends on the Common Stock.

In this case, the dividends paid to Preferred Stock shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Stock shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Stock will be reduced or eliminated completely. At the same time, the market value of the fund's Common Stock (that is, its price as listed on the New York Stock Exchange) may, as a result, decline. Furthermore, if long-term interest rates rise, the Common Stock's net asset value will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Stock does not fluctuate. In addition to the decline in net asset value, the market value of the fund's Common Stock may also decline.

As a part of its investment strategy, the Fund may invest in certain securities

## Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

whose potential income return is inversely related to changes in a floating interest rate ("inverse floaters"). In general, income on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Investments in inverse floaters may be characterized as derivative securities and may subject the Fund to the risks of reduced or eliminated interest payments and losses of investment principal. In addition, inverse floaters have the effect of providing investment leverage and, as a result, the market value of such securities will generally be more volatile than that of fixed rate, tax-exempt securities. To the extent the Fund invests in inverse floaters, the market value of the Fund's portfolio and the net asset value of the Fund's shares may also be more volatile than if the Fund did not invest in these securities.

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

### TO OUR SHAREHOLDERS

For the six-month period ended January 31, 2001, the Common Stock of MuniHoldings New Jersey Insured Fund, Inc. earned \$0.358 per share income dividends, which included earned and unpaid dividends of \$0.060. This represents a net annualized yield of 5.00%, based on a month-end net asset value of \$14.20 per share. Over the same period, the total investment return on the Fund's Common Stock was +11.32%, based on a change in per share net asset value from \$13.14 to \$14.20, and assuming reinvestment of \$0.357 per share income dividends.

For the six months ended January 31, 2001, the Fund's Auction Market Preferred Stock had an average yield as follows: Series A, 3.62%; Series B, 4.00%; Series C, 3.87%; and Series D, 4.09%.

### The Municipal Market Environment

During the six months ended January 31, 2001, long-term fixed-income bond yields generally declined. The strength seen in the US economy in 1999 and early 2000 clearly has moderated in recent months. After growing at approximately 5% in the first half of 2000, US gross domestic product (GDP) declined to 2.2% during the third quarter of 2000. An initial estimate of fourth quarter 2000 GDP growth was recently released at 1.4%. Additionally, over the past six months, inflationary pressures have remained well contained, largely in the 2%-3% range. By early September, US Treasury bond yields had declined more than 20 basis points (0.20%) to 5.65% as a result of moderating economic growth and low inflation.

However, rising oil and natural gas prices, rekindled investors' inflationary fears, and US Treasury bond yields quickly rose to nearly 6% at the end of September 2000. During October and into mid-November, long-term bond yields fluctuated in response to declining commodity prices and the considerable uncertainty surrounding the presidential election. In December 2000, significant declines in US equity markets, especially the NASDAQ, as well as another series of weak economic indicators, combined to reestablish the decline in long-term US Treasury bond yields. By mid-December, the Federal Reserve Board announced that current economic conditions warranted the cessation of the series of short-term interest rate increases they had initiated in February 2000. Given the favorable economic environment and, at least, a neutral Federal Reserve Board, investors were free again to focus upon the ongoing US Treasury debt reduction program and forecasts of sizeable Federal budgetary surpluses going forward. Many analysts and investors concluded that there would be a significant future shortage of longer maturing US Treasury securities. These factors helped push US Treasury bond yields lower. By the end of December, US Treasury bond yields declined to 5.45%, their lowest monthly closing level in almost two years.

Citing declining consumer confidence and weakening industrial production and

## Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

retail sales growth, the Federal Reserve Board lowered short-term interest rates by 50 basis points twice during January 2001. This action triggered a significant rebound in many US equity indexes, reducing the appeal of many US fixed-income securities. Additionally, many investors sold US Treasury bonds to realize recent profits believing that the Federal Reserve Board's actions in January 2001, as well as those anticipated in the near future, would quickly restore US economic growth to earlier levels. By the end of the six-month period ended January 31, 2001, US Treasury bond yields declined overall by nearly 30 basis points to close the period at 5.50%.

Long-term tax-exempt bonds also responded well to the positive economic environment that developed during the last six months. While municipal bond yields followed a downward pattern similar to that of US Treasury bonds, tax-exempt bond price volatility was significantly reduced. Municipal bond yields traded in a relatively narrow range, generally declining steadily throughout the last six months. Overall investor demand for municipal bonds has remained very positive, allowing tax-exempt bond yields, as measured by the Bond Buyer Revenue Bond Index, to decline more than 40 basis points to end the period at 5.43%, their lowest monthly closing level in over 18 months.

New long-term tax-exempt issuance has continued to decline on an annual basis, although declines in bond yields have triggered a recent increase in municipal underwritings. Most of this recent increase in tax-exempt issuance was underwritten in January 2001. Lower bond yields were responsible for the significant increase in refunding activity. Local and state issuers used the recent period of lower bond yields as an opportunity to refinance outstanding, higher-couped debt issues at lower rates. Historically, January monthly underwritings are among the lowest monthly issuance of the year. Despite the surge in January issuance, long-term tax-exempt bond yields were still able to decline, underscoring the ongoing positive technical position the municipal market has enjoyed in recent quarters.

The reduction in annual issuance has helped provide much of the technical support within the tax-exempt bond market. The demand for municipal bonds came from a number of non-traditional and conventional sources. Fortunately, the combination of reduced annual bond issuance and ongoing demand from non-traditional sources has been able to more than offset the decline in demand from tax-exempt mutual funds. This favorable balance has fostered the significant decline in municipal bond yields seen in recent months.

The outlook for the tax-exempt bond market in 2001 appears quite favorable. The steeply positive yield curve and relatively high credit quality that the municipal bond market offers should continue to attract retail and institutional investors seeking both tax-exempt income and a ready substitute for relatively scarce US Government securities. Strong state and local governmental financial conditions also suggest that issuance should remain manageable in the coming months. Additionally, while it appears likely that President Bush will keep his campaign promise to lower Federal income tax rates in 2001, any legislation is unlikely to be enacted before late summer. These factors suggest that the strong technical position the municipal market has enjoyed is likely to continue. Given the recent market performance by tax-exempt bonds over the past year, the strong returns illustrate the excellent investment diversification municipal bonds can provide to investors.

### Portfolio Strategy

During the six months ended January 31, 2001, we continued to seek to reduce the volatility of the Fund. With signs of a decline in US economic growth and consumer confidence, there was a significant decrease in New Jersey municipal bond interest rates beginning in November 2000 that continued through January 2001. As interest rates fell, we maintained our strategy of selling interest rate-sensitive issues. With the proceeds, we purchased bonds with a maturity

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

range of 15 years-20 years. New-issue supply was down 15% compared to the same six-month period a year ago, making Fund restructuring difficult. Going forward, we expect to maintain the Fund's neutral position and keep the Fund fully invested in an effort to enhance shareholder income.

In Conclusion

We appreciate your ongoing interest in MuniHoldings New Jersey Insured Fund, Inc., and we look forward to serving your investment needs in the months and years ahead.

Sincerely,

/s/ Terry K. Glenn

Terry K. Glenn  
President and Director

/s/ Vincent R. Giordano

Vincent R. Giordano  
Senior Vice President

/s/ Robert D. Sneed

Robert D. Sneed  
Vice President and Portfolio Manager

March 9, 2001

2 & 3

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

PROXY RESULTS

During the six-month period ended January 31, 2001, MuniHoldings New Jersey Insured Fund, Inc.'s Common Stock shareholders voted on the following proposals. The proposals were approved at a shareholders' meeting on December 13, 2000. The description of each proposal and number of shares voted are as follows:

		Shares Fo
-----		
1. To elect the Fund's Board of Directors:	Terry K. Glenn	16,76
	Ronald W. Forbes	16,76
	Cynthia A. Montgomery	16,74
	Kevin A. Ryan	16,76
	Roscoe S. Suddarth	16,76
	Edward D. Zinbarg	16,74
-----		

Shares Voted

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

For

-----  
 2. To ratify the selection of Ernst & Young LLP as the Fund's independent  
 auditors for the current fiscal year. 16,943,376  
 -----

During the six-month period ended January 31, 2001, MuniHoldings New Jersey Insured Fund, Inc.'s Preferred Stock (Series A-D) shareholders voted on the following proposals. The proposals were approved at a shareholders' meeting on January 17, 2001. The description of each proposal and number of shares voted are as follows:

-----  
 Shares Voted  
 For  
 -----  
 1. To approve the Agreement and Plan of Reorganization between the Fund and  
 MuniHoldings New Jersey Insured Fund IV, Inc. 6,522  
 -----

-----  
 Shares  
 Fo  
 -----  
 2. To elect the Fund's Board of Directors: Terry K. Glenn 6,7  
 Ronald W. Forbes 6,7  
 Cynthia A. Montgomery 6,7  
 Kevin A. Ryan 6,7  
 Roscoe S. Suddarth 6,7  
 Edward D. Zinbarg 6,7  
 -----

-----  
 Shares Voted  
 For  
 -----  
 3. To ratify the selection of Ernst & Young LLP as the Fund's independent  
 auditors for the current fiscal year. 6,770  
 -----

During the six-month period ended January 31, 2001, MuniHoldings New Jersey Insured Fund IV, Inc.'s Common Stock shareholders voted on the following proposals. The proposals were approved at a shareholders' meeting on January 17, 2001. The description of each proposal and number of shares voted are as follows:

-----  
 Shares Vote  
 For  
 -----  
 1. To approve the Agreement and Plan of Reorganization between the Fund and  
 MuniHoldings New Jersey Insured Fund, Inc. 1,650,661  
 -----

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

		Shares Fo
-----		
2. To elect the Fund's Board of Directors:	Terry K. Glenn	2,938,
	Ronald W. Forbes	2,938,
	Cynthia A. Montgomery	2,937,
	Kevin A. Ryan	2,938,
	Roscoe S. Suddarth	2,938,
	Edward D. Zinbarg	2,938,
-----		

		Shares Vote For
-----		
3. To ratify the selection of Deloitte & Touche LLP as the Fund's independent auditors for the current fiscal year.		2,893,832
-----		

During the six-month period ended January 31, 2001, MuniHoldings New Jersey Insured Fund IV, Inc.'s Preferred Stock shareholders voted on the following proposals. The proposals were approved at a shareholders' meeting on January 17, 2001. The description of each proposal and number of shares voted are as follows:

		Shares Voted For
-----		
1. To approve the Agreement and Plan of Reorganization between the Fund and MuniHoldings New Jersey Insured Fund, Inc.		1,097
-----		

		Shares For
-----		
2. To elect the Fund's Board of Directors:	Terry K. Glenn	1,09
	Ronald W. Forbes	1,09
	Cynthia A. Montgomery	1,09
	Kevin A. Ryan	1,09
	Roscoe S. Suddarth	1,09
	Edward D. Zinbarg	1,09
-----		

		Shares Vote For
-----		
3. To ratify the selection of Deloitte & Touche LLP as the Fund's independent auditors for the current fiscal year.		1,097
-----		

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

SCHEDULE OF INVESTMENTS

(in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
Delaware--0.5%	AAA	Aaa	\$ 2,005	Delaware River and Bay Authority Revenue Bonds, S 5.625% due 1/01/2018 (a)
New Jersey--83.2%	AAA	Aaa	1,540	Camden County, New Jersey, Improvement Authority, 5.50% due 9/01/2016
	AAA	Aaa	2,635	5.375% due 9/01/2019
	NR*	Aaa	430	Carteret, New Jersey, Board of Education, COP, 6%
	AAA	Aaa	6,260	Casino Reinvestment Development Authority, New Je Revenue Bonds, Series A, 5.25% due 10/01/2017 (c)
				Delaware River Port Authority of Pennsylvania and New Jersey Revenue Bonds (c):
	AAA	Aaa	5,000	5.50% due 1/01/2012
	AAA	Aaa	3,250	5.625% due 1/01/2013
	AAA	Aaa	4,365	6% due 1/01/2018
	AAA	Aaa	5,500	6% due 1/01/2019
	AAA	Aaa	7,895	East Orange, New Jersey, Board of Education, COP, 5.50% due 8/01/2012 (c)
	NR*	Aaa	1,000	East Orange, New Jersey, Water Utility, GO, Refun 5.70% due 6/15/2022 (a)
	NR*	Aaa	4,000	Essex County, New Jersey, Improvement Authority, (Correctional Facility Project), 6% due 10/01/202
	AAA	Aaa	3,300	Essex County, New Jersey, Improvement Authority, Bonds (County Jail and Youth House Project), 5.35
	AAA	Aaa	2,705	Essex County, New Jersey, Improvement Authority, Bonds (East Orange Franchise), 6% due 7/01/2018 (
	NR*	Aaa	1,805	Ewing Township, New Jersey, School District, Scho 5.30% due 8/01/2019
	NR*	Aaa	1,780	5.30% due 8/01/2020
	AAA	Aaa	765	Jersey City, New Jersey, GO, Refunding, Quality S 5.375% due 9/01/2017
				Lafayette Yard, New Jersey, Community Development (Hotel/Conference Center Project--Trenton) (d):
	NR*	Aaa	1,125	6.125% due 4/01/2016
	NR*	Aaa	4,250	6% due 4/01/2029
	AAA	Aaa	825	Lopatcong Township, New Jersey, Board of Educatio 5.70% due 7/15/2025 (c)
	AAA	Aaa	1,000	Marlboro Township, New Jersey, Board of Education

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

			5.25% due 7/15/2017 (c)
-----			
			Middlesex County, New Jersey, COP (d):
AAA	Aaa	3,030	5.25% due 6/15/2023
AAA	Aaa	2,350	Refunding, 5% due 2/15/2019
-----			
AA+	Aaa	5,270	Middlesex County, New Jersey, Improvement Authority Bonds (Educational Services Commission Projects),
-----			
AAA	Aaa	500	Middlesex County, New Jersey, Improvement Authority (Senior Citizens Housing Project), AMT, 5.50% due
-----			
			Monmouth County, New Jersey, Improvement Authority Revenue Refunding Bonds (a):
AAA	Aaa	1,540	5.35% due 12/01/2017
AAA	Aaa	1,470	5.375% due 12/01/2018
-----			
AAA	Aaa	4,395	New Brunswick, New Jersey, Housing Authority, Lease Refunding Bonds, 4.625% due 7/01/2024 (b)
-----			
A1+	P1	100	New Jersey EDA, Economic Development Revenue Refu (Stolthaven Project), VRDN, Series A, 4.80% due 1
-----			
BBB-	NR*	4,625	New Jersey EDA, First Mortgage Revenue Refunding (Fellowship Village), Series A, 5.50% due 1/01/20
-----			
AAA	Aaa	5,000	New Jersey EDA, Lease Revenue Bonds (University o and Dentistry-International Center for Public Hea 6% due 6/01/2032 (a)
-----			
A1+c	VMIG1+	1,000	New Jersey EDA, Natural Gas Facilities Revenue Bo (New Jersey Natural Gas Co. Project), VRDN, AMT, Series C, 4.20% due 4/01/2033 (a) (f)
-----			
			New Jersey EDA, Natural Gas Facilities Revenue Re AMT, Series A:
AAA	Aaa	18,920	(NUI Corporation Projects), 5.70% due 6/01/2032
A1+c	VMIG1+	3,300	(New Jersey Natural Gas Co. Project), VRDN, 4.85% due 8/01/2030 (a) (f)
-----			
AAA	Aaa	6,155	New Jersey EDA, Revenue Bonds (Transportation Pro Sub-Lease, Series A, 6% due 5/01/2016 (c)
-----			
			New Jersey EDA, State Lease Revenue Bonds (State Projects) (a):
AAA	Aaa	3,000	6% due 6/15/2015
AAA	Aaa	4,620	6.25% due 6/15/2020
-----			
			New Jersey EDA, Water Facilities Revenue Bonds, A (American Water Company Inc.), Series A, 5.25%
AAA	Aaa	11,630	(Middlesex Water Company Project), 5.35% due 2/
AAA	Aaa	14,800	
-----			
			New Jersey EDA, Water Facilities Revenue Refundin (United Water of New Jersey Inc. Project), VRDN (
A1+c	VMIG1+	10,900	Series A, 4.80% due 11/01/2026
A1+c	VMIG1+	2,000	Series B, 4.95% due 11/01/2025
-----			
AAA	Aaa	2,820	New Jersey Health Care Facilities Financing Autho (Society of the Valley Hospital), 5.375% due 7/01
-----			
			New Jersey Health Care Facilities Financing Autho Revenue Refunding Bonds:



Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

AAA	Aaa	6,750	(Atlantic Health Systems Hospital Corporation), 5% due 7/01/2027 (a)
AAA	Aaa	2,525	(Medical Center at Princeton Obligation Group),
AAA	Aaa	4,525	(Virtua Health Issue), 4.50% due 7/01/2028 (c)
-----			
AAA	Aaa	2,400	New Jersey Sports and Exposition Authority, State Series A, 6% due 3/01/2013 (d)
-----			
New Jersey State Educational Facilities Authority (Capital Improvement Fund), Series A (c):			
AAA	Aaa	8,905	5.75% due 9/01/2017
AAA	Aaa	9,420	5.75% due 9/01/2018
-----			

Portfolio  
Abbreviations

To simplify the listings of MuniHoldings New Jersey Insured Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list at right.

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
EDA	Economic Development Authority
GO	General Obligation Bonds
RIB	Residual Interest Bonds
VRDN	Variable Rate Demand Notes

6 & 7

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

SCHEDULE OF INVESTMENTS (continued)

(in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
=====				
New Jersey (concluded)				New Jersey State Educational Facilities Authority Revenue Refunding Bonds:
	BBB	Baa2	\$ 2,030	(Monmouth University), Series C, 5.75% due 7/01
	BBB	Baa2	1,900	(Monmouth University), Series C, 5.80% due 7/01
	AAA	Aaa	1,910	(Ramapo College), Series G, 4.625% due 7/01/202
-----				
				New Jersey State Highway Authority, Garden State General Revenue Refunding Bonds:
	AAA	Aaa	2,200	5.75% due 1/01/2015 (b)
	AA-	A1	1,900	5.625% due 1/01/2030
-----				
				New Jersey State Housing and Mortgage Finance Age Home Buyer Revenue Bonds (d):
	AAA	Aaa	6,100	AMT, Series K, 6.375% due 10/01/2026
	AAA	Aaa	1,555	AMT, Series M, 6.95% due 10/01/2022
	AAA	Aaa	1,580	AMT, Series M, 7% due 10/01/2026
	AAA	Aaa	1,000	AMT, Series U, 5.60% due 10/01/2012
	AAA	Aaa	2,820	AMT, Series U, 5.65% due 10/01/2013

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

AAA	Aaa	3,000	AMT, Series U, 5.75% due 4/01/2018
AAA	Aaa	2,320	AMT, Series U, 5.85% due 4/01/2029
AAA	Aaa	2,540	Series L, 6.65% due 10/01/2014
-----			
			New Jersey State Housing and Mortgage Finance Agency Home Buyer Revenue Refunding Bonds, AMT, Series S
AAA	Aaa	2,440	5.95% due 10/01/2017
AAA	Aaa	2,050	6.05% due 10/01/2028
-----			
			New Jersey State Transit Corporation, COP (Federal Grants), Series A (a):
AAA	Aaa	1,500	6% due 9/15/2013
AAA	Aaa	5,000	6.125% due 9/15/2015
-----			
			New Jersey State Transportation Trust Fund Authority Transportation System Revenue Bonds, Series A:
AA	Aa2	2,740	6% due 6/15/2016
AAA	Aaa	2,500	5% due 6/15/2018 (c)
AAA	Aaa	1,500	4.50% due 6/15/2019 (c)
AA	Aa2	7,500	6% due 6/15/2019
-----			
AAA	Aaa	20,000	New Jersey State Turnpike Authority, Turnpike Revenue Series A, 5.75% due 1/01/2019 (d)
-----			
			North Bergen Township, New Jersey, Board of Education
NR*	Aaa	1,250	5% due 12/15/2018
NR*	Aaa	1,000	6% due 12/15/2019
NR*	Aaa	1,580	6.25% due 12/15/2020
NR*	Aaa	1,680	6.25% due 12/15/2021
-----			
NR*	Aaa	3,035	Orange Township, New Jersey, Municipal Utility Authority Series C, 5.10% due 12/01/2017 (d)
-----			
			Paterson, New Jersey, Public School District, COP
NR*	Aaa	1,980	6.125% due 11/01/2015
NR*	Aaa	2,000	6.25% due 11/01/2019
-----			
NR*	Aaa	1,000	Plainfield, New Jersey, Municipal Utilities Authority Series A, 4.75% due 12/15/2023 (c)
-----			
NR*	Aaa	1,000	Plainfield, New Jersey, Municipal Utilities Authority Bonds, Series A, 4.75% due 12/15/2023 (c)
-----			
AAA	Aaa	5,000	Salem County, New Jersey, Industrial Pollution Control Revenue Refunding Bonds (Atlantic City Electric Company)
-----			
			South Jersey Transportation Authority, New Jersey Revenue Refunding Bonds (a):
AAA	Aaa	4,000	5% due 11/01/2017
AAA	Aaa	3,400	5.125% due 11/01/2022
-----			
NR*	Aaa	8,650	Trenton, New Jersey, Parking Authority, Parking Revenue Bonds 6.10% due 4/01/2026 (b)
-----			
			Wall Township, New Jersey, School District, GO (c)
AAA	Aaa	2,540	4.75% due 7/15/2022
AAA	Aaa	1,685	4.75% due 7/15/2023
-----			
			West Deptford Township, New Jersey, GO (b):
NR*	Aaa	4,170	5.625% due 9/01/2026
NR*	Aaa	4,410	5.625% due 9/01/2027
NR*	Aaa	3,615	5.625% due 9/01/2028

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

	NR*	Aaa	4,940	5.625% due 9/01/2029
				West Orange, New Jersey, Board of Education, COP
	NR*	Aaa	2,040	5.75% due 10/01/2014
	NR*	Aaa	3,590	6% due 10/01/2024
	AAA	Aaa	1,600	West Windsor-Plainsboro, New Jersey, Regional Sch GO, 5.50% due 12/01/2013 (b)
===== New York--7.6%	AAA	Aaa	4,750	Port Authority of New York and New Jersey, Consol Refunding Bonds, AMT, 119th Series, 5.50% due 9/1
	AAA	NR*	7,500	Port Authority of New York and New Jersey Revenue AMT, 122nd Series, 5% due 7/15/2031 (d)
				Port Authority of New York and New Jersey, Special Revenue Bonds (JFK International Air Terminal Pro AMT, Series 6 (d):
	AAA	Aaa	10,500	6.25% due 12/01/2011
	AAA	Aaa	4,750	5.75% due 12/01/2025
				Port Authority of New York and New Jersey, Special Revenue Refunding Bonds (Versatile Structure Obli
	A1+	VMIG1+	200	AMT, Series 4, 4.90% due 4/01/2024
	A1+	VMIG1+	2,200	Series 2, 4.80% due 5/01/2019
	A1+	VMIG1+	1,400	Series 5, 4.85% due 8/01/2024
=====				

8 & 9

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

SCHEDULE OF INVESTMENTS (concluded)

(in Thousands)

	S&P Ratings	Moody's Ratings	Face Amount	Issue
Puerto Rico--5.0%	NR*	Aaa	\$ 7,875	Puerto Rico Commonwealth, GO, RIB, Series 365, 7.64% due 7/01/2029 (d) (e)
	A	Baa1	6,000	Puerto Rico Commonwealth Highway and Transportati Transportation Revenue Bonds, Series B, 6% due 7/
	AAA	Aaa	2,355	Puerto Rico Electric Power Authority, Power Reven Series X, 5.50% due 7/01/2025 (d)
				Puerto Rico Industrial Tourist, Educational, Medi and Environmental Control Facilities Revenue Bond
	AAA	Aaa	1,780	(Hospital Auxilio Mutuo Obligation Group), 6.25
	AA	Aa2	1,750	(Hospital de la Concepcion), 6.50% due 11/15/20
				Total Investments (Cost--\$398,457)--96.3%
				Other Assets Less Liabilities--3.7%
				Net Assets--100.0%

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

- (a) AMBAC Insured.
  - (b) FGIC Insured.
  - (c) FSA Insured.
  - (d) MBIA Insured.
  - (e) The interest rate is subject to change periodically and inversely based upon prevailing market rates. The interest rate shown is the rate in effect at January 31, 2001.
  - (f) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at January 31, 2001.
- + Highest short-term rating by Moody's Investors Service, Inc.  
 \* Not Rated.

See Notes to Financial Statements.

STATEMENT OF ASSETS, LIABILITIES AND CAPITAL

As of January 31, 2001

=====	
Assets:	Investments, at value (identified cost--\$398,457,281) .....
	Cash .....
	Receivables:
	Securities sold .....
	Interest .....
	Prepaid expenses and other assets .....
	-----
	Total assets .....
	-----
=====	
Liabilities:	Payables:
	Securities purchased .....
	Dividends to shareholders .....
	Investment adviser .....
	Accrued expenses .....
	-----
	Total liabilities .....
	-----
=====	
Net Assets:	Net assets .....
=====	
Capital:	Capital Stock (200,000,000 shares authorized):
	Preferred Stock, par value \$.10 per share (7,000 shares of AMPS* issued and outstanding at \$25,000 per share liquidation preference) .....
	Common Stock, par value \$.10 per share (17,817,155 shares issued and outstanding) .....
	Paid-in capital in excess of par .....
	Undistributed investment income--net .....
	Accumulated realized capital losses on investments--net .....
	Accumulated distributions in excess of realized capital gains on investments--net .....
	Unrealized appreciation on investments--net .....
	-----
	Total--Equivalent to \$14.20 net asset value per share of Common Stock (market price--\$12.95) .....
	-----

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

Total capital .....

\* Auction Market Preferred Stock.

See Notes to Financial Statements.

10 & 11

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

STATEMENT OF OPERATIONS

For the Six Months Ended January 31, 2001

Investment	Interest and amortization of premium and discount earned .....
Income:	
Expenses:	Investment advisory fees .....
	Commission fees .....
	Accounting services .....
	Professional fees .....
	Transfer agent fees .....
	Printing and shareholder reports .....
	Custodian fees .....
	Directors' fees and expenses .....
	Listing fees .....
	Pricing fees .....
	Other .....
	Total expenses before reimbursement .....
	Reimbursement of expenses .....
	Total expenses after reimbursement .....
	Investment income--net .....
Realized &	Realized loss on investments--net .....
Unrealized Gain (Loss)	Change in unrealized appreciation/depreciation on investments--net ..
On Investments--Net:	Net Increase in Net Assets Resulting from Operations .....

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

Increase (Decrease) in Net Assets:	
=====	
Operations:	Investment income--net .....
	Realized loss on investments--net .....
	Change in unrealized appreciation/depreciation on investments--net .....
	Net increase in net assets resulting from operations .....
=====	
Dividends to Shareholders:	Investment income--net:
	Common Stock .....
	Preferred Stock .....
	Net decrease in net assets resulting from dividends to shareholders .....
=====	
Capital Stock Transactions:	Proceeds from issuance of Common Stock resulting from reorganization .....
	Proceeds from issuance of Preferred Stock resulting from reorganization .....
	Offering costs resulting from issuance of Common Stock .....
	Offering and underwriting costs resulting from issuance of Preferred Stock .....
	Net increase in net assets derived from capital stock transactions .....
=====	
Net Assets:	Total increase in net assets .....
	Beginning of period .....
	End of period* .....
=====	
	* Undistributed investment income--net
=====	

See Notes to Financial Statements.

12 & 13

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

FINANCIAL HIGHLIGHTS

The following per share data and ratios have been derived from information provided in the financial statements.		For the For the Six Months Ended January 31, 2001
Increase (Decrease) in Net Asset Value:		
=====		
Per Share Operating Performance:	Net asset value, beginning of period .....	\$ 13.14
	Investment income--net .....	.55
	Realized and unrealized gain (loss) on investments--net .....	1.06
		-----

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

	Total from investment operations .....	1.61
	Less dividends and distributions to Common Stock shareholders:	
	Investment income--net .....	(.36)
	Realized gain on investments--net .....	--
	In excess of realized gain on investments--net .....	--
	Total dividends and distributions to Common Stock shareholders	(.36)
	Capital charge resulting from issuance of Common Stock .....	--@@
	Effect of Preferred Stock activity:	
	Dividends and distributions to Preferred Stock shareholders:	
	Investment income--net .....	(.19)
	Realized gain on investments--net .....	--
	Capital charge resulting from issuance of Preferred Stock ....	--@@
	Total effect of Preferred Stock activity .....	(.19)
	Net asset value, end of period .....	\$ 14.20
	Market price per share, end of period .....	\$ 12.95
=====		
Total Investment	Based on market price per share .....	14.14%@
Return:**	Based on net asset value per share .....	11.32%@
=====		
Ratios Based on	Total expenses, net of reimbursement and	
Average Net	excluding reorganization expenses*** .....	1.18%*
Assets of		=====
Common Stock:	Total expenses, net of reimbursement*** .....	1.18%*
		=====
	Total expenses*** .....	1.31%*
		=====
	Total investment income--net*** .....	8.06%*
		=====
	Amount of dividends to Preferred Stock shareholders .....	2.84%*
		=====
	Investment income--net, to Common Stock shareholders .....	5.23%*
		=====
=====		
Ratios Based on	Total expenses, net of reimbursement and	
Total Average	excluding reorganization expenses .....	.68%*
Net Assets:++++**		=====
	Total expenses, net of reimbursement .....	.68%*
		=====
	Total expenses .....	.76%*
		=====
	Total investment income--net .....	4.67%*
		=====
=====		
Ratios Based on	Dividends to Preferred Stock shareholders .....	3.91%*
Average Net		=====
Assets of		
Preferred Stock:		
=====		
Supplemental Data:	Net assets, net of Preferred Stock, end of period	
	(in thousands) .....	\$253,047

Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

		=====
	Preferred Stock outstanding, end of period (in thousands) .....	\$175,000
		=====
	Portfolio turnover .....	24.96%
		=====
=====		
Leverage:	Asset coverage per \$1,000 .....	\$ 2,446
		=====
Dividends Per	Series A--Investment income--net .....	\$ 456
Share On		=====
Preferred Stock	Series B--Investment income--net .....	\$ 505
Outstanding:++		=====
	Series C--Investment income--net .....	\$ 488
		=====
	Series D--Investment income--net .....	\$ 516
		=====
=====		

\* Annualized.

\*\* Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

\*\*\* Do not reflect the effect of dividends to Preferred Stock shareholders.

+ Commencement of operations.

++ The Fund's Preferred Stock was issued on October 19, 1998 for Series A and B and March 6, 2000 for Series C and D.

+++ Includes Common and Preferred Stock average net assets.

@ Aggregate total investment return.

@@ Amount is less than \$.01 per share.

See Notes to Financial Statements.

14 & 15

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:

MuniHoldings New Jersey Insured Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Stock on a weekly basis. The Fund's Common Stock is listed on the New York Stock Exchange under the symbol MUJ. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments--Municipal bonds are traded primarily in the over-the-counter markets and are valued at the most recent bid price or yield equivalent as obtained by the Fund's pricing service from dealers that make



## Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

markets in such securities. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the over-the-counter market, valuation is the last asked price (options written) or the last bid price (options purchased). Securities with remaining maturities of sixty days or less are valued at amortized cost, which approximates market value. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including valuations furnished by a pricing service retained by the Fund, which may utilize a matrix system for valuations. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general supervision of the Board of Directors.

(b) Derivative financial instruments--The Fund may engage in various portfolio investment strategies to increase or decrease the level of risk to which the Fund is exposed more quickly and efficiently than transactions in other types of instruments. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts--The Fund may purchase or sell financial futures contracts and options on such futures contracts for the purpose of hedging the market risk on existing securities or the intended purchase of securities. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

o Options--The Fund is authorized to write covered call options and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written.

When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

(c) Income taxes--It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required.

(d) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Interest income is recognized on the accrual basis. Discounts and market premiums are amortized into interest income. Realized gains and losses on security transactions are determined on the identified cost basis. The Fund will adopt the provisions of the AICPA Audit and Accounting Guide for Investment

## Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

Companies, as revised, effective for fiscal years beginning after December 15, 2000. As required, the Fund will amortize premiums and discounts on debt securities under a different method effective August 1, 2001. The cumulative effect of this accounting change will have no impact on the total net assets of the Fund. The impact of this accounting change has not been determined, but will result in an adjustment to cost of securities and a corresponding adjustment in net unrealized appreciation/depreciation, based on securities held as of July 31, 2001.

(e) Dividends and distributions--Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. Distributions in excess of realized capital gains are due primarily to differing tax treatments for futures transactions and post-October losses.

### 2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .55% of the Fund's average weekly net assets, including proceeds from the issuance of Preferred Stock. For the six months ended January 31, 2001, FAM earned fees of \$1,153,158, of which \$158,295 was waived.

Accounting services were provided to the Fund by FAM through December 31, 2000. Up to this date, the Fund reimbursed FAM \$70,495 for these services. As of January 1, 2001, accounting services are provided for the Fund by State Street Bank and Trust Company ("State Street") pursuant to an agreement between State Street and the Fund. The Fund will pay the cost of these services. In addition, the Fund will reimburse FAM for the cost of certain additional accounting services.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, and/or ML & Co.

### 3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended January 31, 2001 were \$100,480,168 and \$132,754,246, respectively.

Net realized losses for the six months ended January 31, 2001 and net unrealized gains as of January 31, 2001 were as follows:

	Realized Losses	Unrealized Gains
Long-term investments .....	\$(1,628,165)	\$ 13,953,643
Total .....	\$(1,628,165)	\$ 13,953,643

As of January 31, 2001, net unrealized appreciation for Federal income tax purposes aggregated \$13,953,643, of which \$15,661,003 related to appreciated securities and \$1,707,360 related to depreciated securities. The aggregate cost of investments at January 31, 2001 for Federal income tax purposes was

## Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

\$398,457,281.

### 4. Capital Stock Transactions:

The Fund is authorized to issue 200,000,000 shares of capital stock, including Preferred Stock, par value \$.10 per share, all

16 & 17

MuniHoldings New Jersey Insured Fund, Inc., January 31, 2001

### NOTES TO FINANCIAL STATEMENTS (concluded)

of which were initially classified as Common Stock. The Board of Directors is authorized, however, to reclassify any unissued shares of capital stock without approval of holders of Common Stock.

#### Common Stock

Shares issued and outstanding during the six months ended January 31, 2001 remained constant and during the year ended July 31, 2000 increased by 10,816,659 as a result of reorganization.

#### Preferred Stock

Auction Market Preferred Stock ("AMPS") are shares of Preferred Stock of the Fund, with a par value of \$.10 per share and a liquidation preference of \$25,000 per share, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at January 31, 2001 were Series A, 3.95%; Series B, 4.05%; Series C, 3.09% and Series D, 3.50%.

Shares issued and outstanding during the six months ended January 31, 2001 remained constant and during the year ended July 31, 2000 increased by 4,280 as a result of reorganization.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the six months ended January 31, 2001, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned \$102,992 as commissions.

### 5. Capital Loss Carryforward:

At July 31, 2000, the Fund had a net capital loss carryforward of approximately \$7,536,000, of which \$523,000 expires in 2006, \$6,464,000 expires in 2007 and \$549,000 expires in 2008. This amount will be available to offset like amounts of any future taxable gains.

### 6. Reorganization Plan:

On March 2, 2001, the Fund acquired all of the net assets of MuniHoldings New Jersey Insured Fund IV, Inc. pursuant to a plan of reorganization approved by the Board of Directors and shareholders.

### 7. Subsequent Event:

On February 7, 2001, the Fund's Board of Directors declared an ordinary income dividend to Common Stock shareholders in the amount of \$.060419 per share, payable on February 23, 2001 to shareholders of record as of February 16, 2001.

# Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

## MANAGED DIVIDEND POLICY

The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more consistent yield to the current trading price of shares of Common Stock of the Fund, the Fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets, Liabilities and Capital, which comprises part of the financial information included in this report.

## QUALITY PROFILE

The quality ratings of securities in the Fund as of January 31, 2001 were as follows:

S&P Rating/Moody's Rating	Percent of Net Assets
AAA/Aaa .....	84.6%
AA/Aa .....	3.5
A/A .....	1.5
BBB/Baa .....	1.8
Other* .....	4.9

\* Temporary investments in short-term municipal securities.

## OFFICERS AND DIRECTORS

Terry K. Glenn, President and Director  
Ronald W. Forbes, Director  
Cynthia A. Montgomery, Director  
Charles C. Reilly, Director  
Kevin A. Ryan, Director  
Roscoe S. Suddarth, Director  
Richard R. West, Director  
Edward D. Zinbarg, Director  
Vincent R. Giordano, Senior Vice President  
Robert A. DiMella, Vice President  
Kenneth A. Jacob, Vice President  
Robert D. Sneed, Vice President  
Donald C. Burke, Vice President and Treasurer  
Jodi M. Pinedo, Secretary

Arthur Zeikel, Director of MuniHoldings New Jersey Insured Fund, Inc., has recently retired. The Fund's Board of Directors wishes Mr. Zeikel well in his retirement.

## Custodian

The Bank of New York  
90 Washington Street  
New York, NY 10286

## Transfer Agents

# Edgar Filing: MUNIHOLDINGS NEW JERSEY INSURED FUND INC - Form N-30D

## Common Stock:

The Bank of New York  
101 Barclay Street  
New York, NY 10286

## Preferred Stock:

The Bank of New York  
100 Church Street  
New York, NY 10286

NYSE Symbol

MUJ

18 & 19

[LOGO] Merrill Lynch Investment Managers

[GRAPHIC]

MuniHoldings New Jersey Insured Fund, Inc. seeks to provide shareholders with current income exempt from Federal income tax and New Jersey personal income taxes by investing in a portfolio of long-term, investment-grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from Federal income tax and New Jersey personal income taxes.

This report, including the financial information herein, is transmitted to shareholders of MuniHoldings New Jersey Insured Fund, Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund has leveraged its Common Stock by issuing Preferred Stock to provide the Common Stock shareholders with a potentially higher rate of return. Leverage creates risks for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of shares of the Common Stock, and the risk that fluctuations in the short-term dividend rates of the Preferred Stock may affect the yield to Common Stock shareholders. Statements and other information herein are as dated and are subject to change.

MuniHoldings New Jersey  
Insured Fund, Inc.  
Box 9011  
Princeton, NJ  
08543-9011

[RECYCLE LOGO] Printed on post-consumer recycled paper

#HOLDNJ2--1/01