MUNIHOLDINGS NEW JERSEY INSURED FUND INC
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Annual Report

July 31, 2002

MuniHoldings
New Jersey
Insured Fund, Inc.

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 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.

The Fund may also invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities.

MuniHoldings New Jersey Insured Fund, Inc., July 31, 2002

TO OUR SHAREHOLDERS

For the 12-month period ended July 31, 2002, the Common Stock of MuniHoldings New Jersey Insured Fund, Inc. earned $0.871 per share income dividends, which included earned and unpaid dividends, of $0.073. This represents a net annualized yield of 5.85%, based on a year-end net asset value of $14.90 per share. During the same period, the total investment return on the Fund's Common Stock was +9.16%, based on a change in per share net asset value from $14.54 to $14.90, and assuming reinvestment of $0.864 per share ordinary income dividends.

For the six-month period ended July 31, 2002, the Fund's Common Stock had a total investment return of +6.31%, based on a change in per share net asset value from $14.47 to $14.90, and assuming reinvestment of $0.438 per share ordinary income dividends.

For the six-month period ended July 31, 2002, the Fund's Auction Market Preferred Stock had an average yield as follows: Series A, 1.17%; Series B, 1.23%; Series C, 1.25%; Series D, 1.19%; and Series E, 1.27%.

The Municipal Market Environment

During the six-month period ended July 31, 2002, the direction of long-term fixed income interest rates was driven as much by volatile U.S. equity markets and continued worldwide political tensions as by economic fundamentals. In early 2002, economic indicators were mixed, signaling some strength in consumer spending and housing-related industries, but further declines in manufacturing employment. The index of leading economic indicators generally rose in late 2001 and early 2002, suggesting that economic activity was likely to expand later in the year. Furthermore, in February 2002, U.S. gross domestic product (GDP) growth for the fourth quarter of 2001 was revised higher to 1.7%, signaling significantly improving economic conditions relative to earlier in 2001. These positive economic fundamentals, however, were largely offset by U.S. equity market volatility. The initial disclosure of accounting irregularities at Enron Corporation in early February exacerbated earlier equity volatility. At the end of February 2002, long-term U.S. Treasury bond yields were approximately 5.40%.

In early March 2002, a number of economic indicators, including surging existing home sales, solid consumer spending and positive non-farm payroll growth following several months of job losses, suggested U.S. economic activity was continuing to strengthen. Also, in Congressional testimony, Federal Reserve Board Chairman Alan Greenspan was cautiously optimistic regarding future U.S. economic growth, noting that while any increase in activity was likely to be moderate, "an economic expansion (was) well underway." These factors combined to push U.S. equity prices higher and bond prices sharply lower in expectation of a reversal of the Federal Reserve Board's actions taken during the past 15 months. By the end of March 2002, long-term U.S. Treasury bond yields stood at 5.80%, their highest level in over 18 months.

During the past few months, however, bond yields reversed course to move sharply lower. Positive economic fundamentals were again overwhelmed by falling equity valuations and declines in investor confidence. U.S. GDP activity in the first quarter of 2002, while recently revised downward to 5%, was considerably above the level of economic growth seen at the end of 2001. Additionally, a number of economic indicators, such as housing activity, consumer spending and weekly unemployment claims, have pointed to at least a modest economic recovery by the end of 2002. However, steady dramatic declines in U.S. equity markets have convinced most investors to conclude recently that the Federal Reserve Board is unlikely to increase short-term interest rates for the remainder of the year. U.S. Treasury issue prices have been boosted by erupting Middle East and India/ Pakistan conflicts, as many international investors prefer the safe haven status of U.S. Treasury securities. At June 30, 2002, long-term U.S. Treasury bond yields had declined to 5.50%.

In late July, U.S. GDP growth for the second quarter of 2002 was initially estimated at 1.1%. While subject to considerable revision, this initial estimate suggested that continued declines in U.S. equity prices were negatively affecting not only consumer, but business confidence as well, and undermining the economic growth witnessed earlier this year. Some analysts have extrapolated that recent weakness will continue, if not accelerate. This brought about forecasts that the Federal Reserve Board may soon be obliged to lower short-term interest rates both to offset equity market declines and boost consumer and business spending. The possibility of lower short-term interest rates helped push longer-term bond yields lower still during late July. At July 31, 2002, U.S. Treasury bond yield levels had fallen to 5.30%, a decline of approximately 15 basis points (0.15%) during the six-month period ended July 31, 2002.

During the period, municipal bond prices also generally rose. In early 2002, tax-exempt bond yields traded in a relatively narrow range as an increasingly positive technical position supported existing municipal bond prices. In March, however, increased economic activity and associated concerns regarding near-term Federal Reserve Board actions also pushed tax-exempt bond prices lower. By late March, long-term municipal revenue bond yields, as measured by the Bond Buyer Revenue Bond Index, had risen to 5.67%, their highest level in over a year. During recent months, tax-exempt bond yields have generally declined largely in response to the positive fixed income environment engendered by falling equity valuations. The municipal bond market's recent price advances have also been bolstered by the continued improvement in the tax-exempt market's technical position. Despite sizeable advances in the rate of new municipal bond issuance, investor demand has increased in recent months, allowing tax-exempt bond prices to rise. By the end of July 2002, long-term municipal revenue bond yields stood at 5.34%, a decline of over 30 basis points from their recent highs in March.

Solid investment demand during the six-month period ended July 31, 2002 allowed the tax-exempt market to outperform its taxable counterpart in recent months. The Investment Company Institute reported that thus far in 2002, municipal bond fund net cash flows have remained very strong at over $7.7 billion, up more than 60% compared to the same period in 2001. Additionally, this past January and February, investors received nearly $50 billion in investment proceeds from coupon income, bond maturities and early redemptions. Given the recent weakness in U.S. equity markets, much of these monies were likely reinvested in tax-exempt products. Perhaps more importantly, short-term municipal interest rates have continued to move lower in response to the Federal Reserve Board's actions. In reaction to Federal Reserve Board interest rate reductions, short-term municipal rates have declined to the 1% - 1.5% range. As interest rates have declined, investors have extended maturities to take advantage of the steep municipal bond yield curve. Also, it is forecast that investors will have received from June to August approximately an additional $75 billion from bond maturities, proceeds from early bond redemptions and coupon income. Given the lack of strong investment alternatives, it is likely that these monies will continue to support the municipal bond market's currently strong technical environment.

Recent outperformance by the tax-exempt market has been even more impressive considering the increase in new bond issuance seen thus far in 2002. Throughout the past six months, more than $165 billion in new long-term municipal bonds was issued, an increase of nearly 20% compared to the same period in 2001. More than $100 billion in long-term tax-exempt securities was underwritten during the July quarter, an increase of over 33% compared to the July 2001 quarter's level. Recent months' issuance has been dominated by a number of issues each of whose size has exceeded $1 billion. While these mega-deals have caused some temporary price disruptions, imbalances have been short-lived as these underwritings have been attractively priced and in-state demand has been very strong. Apart from the mega-deals, increased issuance has been well received as investor demand for the tax-advantaged, non-equity securities has been strong.

In the coming months, we believe interest rates are likely to remain volatile with an expected upward bias. However, until equity market conditions stabilize, interest rates could stay near their present historically low levels. While recent stock market declines appear to have

negatively affected economic growth in July 2002, business activity is likely to accelerate going forward. Governmental stimulus in response to the September 11, 2001 attacks has been significant. The ongoing U.S. military response to worldwide terrorism has helped reduce a once-sizable Federal surplus to a material deficit. Further military action in early 2003 would only result in increased Federal spending, higher deficits and increased Treasury financing. Increased Federal borrowings can be expected to put upward pressure on interest rates going forward.

Equity market declines have helped push interest rates to lower levels than economic fundamentals alone would support. When U.S. equity markets stabilize and economic activity resumes, associated interest rate increases should not be extreme. Inflationary pressures have remained well contained, meaning that significant interest rate increases are unlikely. As equity valuations are likely to only gradually recover, the U.S. economic recovery is also likely to be a moderate process. Similarly, this suggests that the pace of any interest rate increases would be gradual. As the municipal bond market's strong technical position can be expected to remain supportive in the coming months, future tax-exempt interest rate increases should be more restrained than their taxable counterparts.

Portfolio Strategy

Despite further market gains during the six months ended July 31, 2002, a competitive distribution yield largely offset the Fund's more defensive investment stance that we recently adopted. In positioning the Fund for higher interest rates, some potential gains were sacrificed in exchange for a lower degree of interest rate risk and volatility. We undertook a number of measures to accomplish this goal, including a reduction in the average maturity of the Fund and the implementation of a modest hedge employing 10-year U.S. Treasury note futures. While cash reserves were minimal for the period, more than 65% of the Fund's holdings are set to mature in less than 20 years. Our decision to allocate Fund assets accordingly reflected the shape of the municipal yield curve and our recognition that approximately 90%-95% of the yield available on 30-year municipal bonds can be derived by investing in the 15-year - 20-year sector. In light of a generally cautious investment outlook, this appeared to be a reasonable tradeoff, given the lower degree of interest rate risk achieved by investing in shorter maturities.

With the foregoing strategy in mind, our efforts were also directed toward maintaining the Fund's competitive income distribution by modestly raising the credit risk profile of the Fund. This was accomplished through selective increases in exposure to low investment-grade health care bonds. Municipal credit spreads remain attractive compared to historical averages and, within the context of a recovering economy, represent a good value and should offer solid total return prospects in coming months. In addition, many of the Fund's housing bonds were subject to prepayment calls that occur when individuals holding the underlying mortgages refinance or sell their homes. These bond redemptions typically happen at an inopportune time when interest rates are low. As such, reinvestment of the proceeds generally entails accepting a reduced income stream; however, given the favorable risk/reward ratio presently in the market, the effect of these prepayments on the overall Fund was limited by reinvesting in low investment-grade municipal bonds. Nevertheless, we continued to be mindful of the relatively conservative approach mandated by the Fund's investment restrictions. At July 31, 2002, 91% of the Fund's assets were insured and were rated AAA by at least one of the major rating agencies. We implemented our strategy as a means to capture perceived value in the marketplace and as such we did not reflect a departure from past practices.

The State of New Jersey's general obligation rating has been downgraded by both Moody's Investor Service and Standard & Poor's and presently stands at Aa2 and AA, respectively. These actions, taken within the last six months, reflect a deteriorating fiscal situation brought about by declining revenue projections amidst sluggish economic growth. Balancing the budget for fiscal 2002 required a significant reduction in the state's available general fund reserves that will likely reduce fiscal flexibility in later years. While Moody's maintains a negative outlook, both rating agencies cite such underlying fundamental strengths as a highly educated workforce and a diverse economic base as reason to be optimistic about the state's economic prospects over the long term.

Caution is expected to continue to characterize the Fund's investment stance during the next six months as prospects for heavy new-issue municipal volume will put pressure on a market expected to weaken against the backdrop of a strengthening economy. Barring any major change in the stance of the Fund's benchmark, we do not anticipate any significant alteration in Fund duration. As evidenced by recent favorable performance results when interest rates rose, we believe the Fund is positioned appropriately, given our investment outlook. However, to the extent that fixed income markets remain buoyant, we expect that the Fund may not be able to provide enhanced results.

The 475 basis point decline in short-term interest rates engineered by the Federal Reserve Board in 2001 resulted in a material decrease in the Fund's borrowing cost into the 1%-1.25% range. This decline, in combination with a steep tax-exempt yield curve, has generated a material income benefit to the Fund's Common Stock shareholders from the leveraging of the Preferred Stock. While modest increases in short-term interest rates are a possibility later this year, these increases are unlikely to result in significantly higher borrowing costs for the Fund. However, should the spread between short-term and long-term interest rates narrow, the benefits of leverage will decline and, as a result, reduce the yield paid on the Common Stock. (For a more complete explanation of the benefits and risks of leveraging, see page 1 of this report to shareholders.)

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/ Kenneth A. Jacob

Kenneth A. Jacob
Senior Vice President

/s/ John M. Loffredo

John M. Loffredo
Senior Vice President

/s/ Theodore R. Jaeckel Jr.

Theodore R. Jaeckel Jr.
Vice President and Portfolio Manager

August 27, 2002

We are pleased to announce that Theodore R. Jaeckel Jr. is responsible for the day-to-day management of MuniHoldings New Jersey Insured Fund, Inc. Mr. Jaeckel joined Merrill Lynch Investment Managers, L.P. in 1991 as Portfolio Manager.

MuniHoldings New Jersey Insured Fund, Inc., July 31, 2002

SCHEDULE OF INVESTMENTS (in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
New Jersey--141.4%	AAA	Aaa	$ 1,875	Atlantic Highlands, New Jersey, Highland Regional Sew Sewer Revenue Refunding Bonds, 5.50% due 1/01/2020 (b
				Camden County, New Jersey, Improvement Authority, Lea
	AAA	Aaa	1,540	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% due
AAA	Aaa	6,210	Casino Reinvestment Development Authority, New Jersey Bonds, Series A, 5.25% due 10/01/2017 (c)
AAA	Aaa	2,005	Delaware River and Bay Authority Revenue Bonds, Serie 5.625% due 1/01/2018 (a)
			Delaware River Port Authority of Pennsylvania and New Bonds (c):
AAA	Aaa	5,000	5.50% due 1/01/2012
AAA	Aaa	6,000	5.625% due 1/01/2013
AAA	Aaa	500	5.75% due 1/01/2015
AAA	Aaa	4,865	6% due 1/01/2018
AAA	Aaa	5,525	6% due 1/01/2019
AAA	Aaa	2,425	(Port District Project), Series B, 5.625% due 1/01/
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, Refunding 5.70% due 6/15/2022 (a)
			Essex County, New Jersey, Improvement Authority, Leas
NR*	Aaa	4,000	(Correctional Facility Project), 6% due 10/01/2025
NR*	Aaa	3,100	(County Correctional Facility Project), 5.75% due 1
AAA	Aaa	3,300	Essex County, New Jersey, Improvement Authority, Leas Bonds (County Jail and Youth House Project), 5.35% du
			Essex County, New Jersey, Improvement Authority, Util Revenue Bonds (d):
AAA	Aaa	2,705	(East Orange Franchise), 6% due 7/01/2018
AAA	Aaa	3,050	(Orange Franchise), Series A, 5.75% due 7/01/2027
			Ewing Township, New Jersey, School District, GO (b):
NR*	Aaa	1,805	5.30% due 8/01/2019
NR*	Aaa	1,780	5.30% due 8/01/2020
AAA	Aaa	1,240	Freehold, New Jersey, Regional High School District, 5% due 3/01/2016 (b)
AAA	Aaa	2,883	Freehold Township, New Jersey, Board of Education, GO 5.25% due 2/15/2032 (d)
AAA	Aaa	1,500	Hoboken, New Jersey, Parking Authority, Parking Reven 5.30% due 5/01/2027 (a)
AAA	Aaa	2,040	Hopewell Valley, New Jersey, Regional School District 5% due 8/15/2014 (b)
AAA	Aaa	765	Jersey City, New Jersey, GO, Refunding, Quality Schoo 5.375% due 9/01/2017 (c)
			Lafayette Yard, New Jersey, Community Development Rev (Hotel/Conference Center Project) (d)(e):
NR*	Aaa	5,250	6% due 4/01/2010
NR*	Aaa	1,125	6.125% due 4/01/2010
AAA	Aaa	825	Lopatcong Township, New Jersey, Board of Education, G

			5.70% due 7/15/2010 (c)(e)
AAA	Aaa	1,000	Marlboro Township, New Jersey, Board of Education, GO 5.25% due 7/15/2017 (c)
			Middlesex County, New Jersey, COP (d):
AAA	Aaa	1,375	5.50% due 8/01/2016
AAA	Aaa	1,550	5.25% due 6/15/2023
			Middlesex County, New Jersey, Improvement Authority, Bonds (Educational Services Community Projects):
AAA	Aaa	3,970	5.70% due 7/15/2020
AAA	Aaa	5,270	6% due 7/15/2025
AAA	Aaa	500	Middlesex County, New Jersey, Improvement Authority R Citizens Housing Project), AMT, 5.50% due 9/01/2030 (
			Monmouth County, New Jersey, Improvement Authority, R Bonds (a):
AAA	Aaa	1,540	5.35% due 12/01/2017
AAA	Aaa	1,470	5.375% due 12/01/2018
NR*	Aaa	1,000	Monroe Township, New Jersey, Municipal Utilities Auth County Revenue Refunding Bonds, 5.25% due 2/01/2016 (
AAA	Aaa	2,304	Mount Laurel Township, New Jersey, Board of Education 5.60% due 8/01/2019 (b)
AAA	Aaa	3,060	New Jersey EDA, Construction Revenue Bonds, GO (Schoo Series A, 5.50% due 6/15/2012 (a)
A1+	NR*	300	New Jersey EDA, Economic Development Revenue Refundin Trade Zone Project), VRDN, 1.45% due 12/01/2007 (g)
AAA	Aaa	5,000	New Jersey EDA, Lease Revenue Bonds (University of Me Dentistry--International Center for Public Health Pro 6% due 6/01/2032 (a)
			New Jersey EDA, Natural Gas Facilities Revenue Refund
AAA	Aaa	18,920	(NUI Corporation Projects), Series A, 5.70% due 6/0
NR*	Aaa	3,155	RIB, Series 161, 9.68% due 6/01/2032 (f)
			New Jersey EDA, Parking Facility Revenue Bonds (Eliza Company Project) (b):
AAA	Aaa	1,430	5.60% due 10/15/2019
AAA	Aaa	1,000	5.60% due 10/15/2026
AAA	NR*	4,580	New Jersey EDA Revenue Bonds, DRIVERS, Series 219, 10 due 5/01/2016 (c)(f)
			New Jersey EDA, School Facilities Construction Revenu
AAA	Aaa	1,100	5.125% due 6/15/2014
AAA	Aaa	7,000	5.25% due 6/15/2017
AAA	Aaa	7,200	5.25% due 6/15/2018
			New Jersey EDA, State Lease Revenue Bonds (State Offi Projects) (a):
AAA	Aaa	3,000	6% due 6/15/2015
AAA	Aaa	4,620	6.25% due 6/15/2020

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
DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDA	Economic Development Authority
GO	General Obligation Bonds
RIB	Residual Interest Bonds
VRDN	Variable Rate Demand Notes

MuniHoldings New Jersey Insured Fund, Inc., July 31, 2002

SCHEDULE OF INVESTMENTS (continued) (in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
New Jersey (continued)				New Jersey EDA, Water Facilities Revenue Refunding Bo New Jersey Inc. Project), VRDN (a)(g):
	A1+	VMIG1@	$ 890	AMT, Series C, 1.40% due 11/01/2025
	A1+	VMIG1@	600	Series A, 1.45% due 11/01/2026
				New Jersey Health Care Facilities Financing Authority
	AAA	Aaa	2,820	(Society of the Valley Hospital), 5.375% due 7/01/2
	NR*	Baa1	5,440	(South Jersey Hospital), 6% due 7/01/2026
				New Jersey Health Care Facilities Financing Authority Refunding Bonds:
	AAA	Aaa	4,000	(AHS Hospital Corporation), Series A, 6% due 7/01/2
	A-	A3	1,455	(Atlantic City Medical Center), 6.25% due 7/01/2017
	A-	A3	3,500	(Atlantic City Medical Center), 5.75% due 7/01/2025
	BBB+	NR*	1,775	(Holy Name Hospital), 6% due 7/01/2025
	AAA	Aaa	1,000	(Meridian Health System Obligation Group), 5.375% d
				New Jersey Sports and Exposition Authority, State Con Bonds (d):
	AAA	Aaa	2,400	Series A, 6% due 3/01/2013
	A1+	VMIG1@	100	VRDN, Series C, 1.30% due 9/01/2024 (g)
				New Jersey State Educational Facilities Authority Rev
	AAA	Aaa	8,905	(Capital Improvement Fund), Series A, 5.75% due 9/0
	AAA	Aaa	9,420	(Capital Improvement Fund), Series A, 5.75% due 9/0
	AAA	Aaa	2,000	(Princeton Theological), Series B, 5.90% due 7/01/2
				New Jersey State Educational Facilities Authority, Re Bonds:
	AA	NR*	2,045	(Rider University), 5.25% due 7/01/2012
	AA	NR*	1,000	(Rider University), 5.25% due 7/01/2014
	AAA	Aaa	2,375	(Rowan University), Series C, 5.25% due 7/01/2017 (
	AAA	Aaa	2,820	(Rowan University), Series C, 5.25% due 7/01/2018 (
	AAA	Aaa	2,635	(Rowan University), Series C, 5.25% due 7/01/2019 (

AAA	Aaa	4,000	(University of Medicine and Dentistry), Series B, 5.25% due 12/01/2017 (a)
			New Jersey State Highway Authority, Garden State Park Revenue Refunding Bonds:
AAA	Aaa	3,200	5.75% due 1/01/2015 (b)
AA-	A1	1,900	5.625% due 1/01/2030
			New Jersey State Highway Authority, Garden State Park Revenue Refunding Bonds, Senior Parkway (b):
AAA	Aaa	2,000	5.25% due 1/01/2018
AAA	Aaa	3,085	5.25% due 1/01/2019
			New Jersey State Housing and Mortgage Finance Agency, Revenue Bonds (d):
AAA	Aaa	8,140	AMT, Series K, 6.375% due 10/01/2026
AAA	Aaa	1,555	AMT, Series M, 6.95% due 10/01/2022
AAA	Aaa	5,310	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
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, Revenue Refunding Bonds, AMT, Series S (d):
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 Tr Administration Grants), Series A (a)(e):
AAA	Aaa	4,000	6% due 9/15/2009
AAA	Aaa	5,000	6.125% due 9/15/2009
			New Jersey State Transportation Trust Fund Authority, Transportation System Revenue Bonds, Series A:
AA-	Aa3	7,740	6% due 6/15/2010 (e)
AA-	Aa3	7,500	6% due 6/15/2010 (e)(h)
AAA	Aaa	2,000	5% due 6/15/2015 (c)
AAA	NR*	10,000	5.25% due 6/15/2015 (d)
AAA	Aaa	3,000	5.75% due 6/15/2015 (d)
			New Jersey State Transportation Trust Fund Authority, Transportation System Revenue Refunding Bonds, Series
AAA	Aaa	2,500	6% due 12/15/2017 (d)
AAA	Aaa	6,605	6% due 12/15/2018
AAA	Aaa	7,440	6% due 12/15/2019
			New Jersey State Turnpike Authority, Turnpike Revenue Refunding Bonds (d):
AAA	Aaa	20,000	Series A, 5.75% due 1/01/2019
AAA	Aaa	5,520	Series C, 6.50% due 1/01/2016
			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 and Le Refunding, Series C, 5.10% due 12/01/2017 (d)

			Passaic County, New Jersey, GO, Refunding (c):
NR*	Aaa	2,170	5.25% due 6/01/2014
NR*	Aaa	2,360	5.25% due 6/01/2015
NR*	Aaa	2,350	5.25% due 6/01/2016
			Paterson, New Jersey, Public School District, COP (d)
NR*	Aaa	1,980	6.125% due 11/01/2015
NR*	Aaa	2,000	6.25% due 11/01/2019
			Salem County, New Jersey, Industrial Pollution Contro Authority, Revenue Refunding Bonds:
AAA	Aaa	5,000	(Atlantic City Electric Company), 6.15% due 6/01/20
AAA	Aaa	2,000	(Public Service Electric & Gas), Series C, 5.55% du

MuniHoldings New Jersey Insured Fund, Inc., July 31, 2002

SCHEDULE OF INVESTMENTS (concluded) (in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
New Jersey (concluded)	AAA	Aaa	$ 4,325	Trenton, New Jersey, Parking Authority, Parking Reven Bonds, DRIVERS, Series 221, 10.76% due 4/01/2010 (b)(
	AAA	Aaa	4,740	University of Medicine and Dentistry, New Jersey, Rev Bonds, Series A, 5.50% due 12/01/2027 (a)
				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
	NR*	Aaa	4,940	5.625% due 9/01/2029
				West Orange, New Jersey, Board of Education, COP (d):
	NR*	Aaa	2,040	5.75% due 10/01/2014
	NR*	Aaa	3,615	6% due 10/01/2024
	AAA	Aaa	1,600	West Windsor-Plainsboro, New Jersey, Regional School 5.50% due 12/01/2013 (b)
New York--8.6%	AAA	Aaa	4,750	Port Authority of New York and New Jersey, Consolidat Refunding Bonds, AMT, 119th Series, 5.50% due 9/15/20
				Port Authority of New York and New Jersey, Special Ob Bonds, AMT (d):
	AAA	NR*	2,375	DRIVERS, Series 192, 9.79% due 12/01/2025 (f)
	NR*	Aaa	2,165	(JFK International Air Terminal LLC), RIB, Series 1 9.78% due 12/01/2022 (f)
	AAA	Aaa	13,500	(JFK International Air Terminal--Special Project), 6.25% due 12/01/2011
	AAA	Aaa	1,500	(JFK International Airport Terminal), Series 6, 6.25% due 12/01/2015

Puerto Rico--12.9%	NR*	Aaa	7,875	Puerto Rico Commonwealth, GO, RIB, Series 365, 10.36% due 7/01/2005 (d)(e)(f)
	A	Baa1	6,000	Puerto Rico Commonwealth Highway and Transportation A Transportation Revenue Bonds, Series B, 6% due 7/01/2
				Puerto Rico Electric Power Authority, Power Revenue B
	AAA	Aaa	10,000	Series HH, 5.25% due 7/01/2029 (c)
	AAA	Aaa	2,355	Series X, 5.50% due 7/01/2025 (d)
				Puerto Rico Industrial, Tourist, Educational, Medical Control Facilities Revenue Bonds, Series A:
	AAA	Aaa	1,780	(Hospital Auxilio Mutuo Obligation Group), 6.25% du
	AA	Aa2	1,750	(Hospital de la Concepcion), 6.50% due 11/15/2020
	AAA	Aaa	7,120	Puerto Rico Public Financing Corporation Revenue Bond Appropriation), Series A, 5.50% due 8/01/2019 (d)
	Total Investments (Cost--$481,495)--162.9%			
	Variation Margin on Financial Futures Contracts**--(0.1%)			
	Other Assets Less Liabilities--2.0%			
	Preferred Stock, at Redemption Value--(64.8%)			
	Net Assets Applicable to Common Stock--100.0%			

(a) AMBAC Insured.
(b) FGIC Insured.
(c) FSA Insured.
(d) MBIA Insured.
(e) Prerefunded.
(f) 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 July 31, 2002.
(g) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at July 31, 2002.
(h) All or a portion of security held as collateral in connection with open financial futures contracts.
@ Highest short-term rating by Moody's Investors Service, Inc.
* Not Rated.
** Financial futures contracts sold as of July 31, 2002 were as follows:

(in Thousands)

Number of Contracts	Issue	Expiration Date	Value
510	U.S. Treasury Bonds	September 2002	$56,411
Total Financial Futures Contracts Sold (Total Contract Price--$54,719)			$56,411

Ratings of issues shown have not been audited by Ernst & Young LLP.

See Notes to Financial Statements.

STATEMENT OF NET ASSETS

As of July 31, 2002

Assets:	Investments, at value (identified cost--$481,495,137) ...
	Cash ...
	Interest receivable ...
	Prepaid expenses ...
	Total assets ...
Liabilities:	Payables:
	Variation margin ...
	Dividends to Common Stock shareholders ...
	Investment adviser ...
	Accrued expenses ...
	Total liabilities ...
Preferred Stock:	Preferred Stock, at redemption value, par value $.10 per share (8,120 shares of AMPS* issued and outstanding at $25,000 per share liquidation preference) ...
Net Assets Applicable to Common Stock:	Net assets applicable to Common Stock ...
Analysis of Net Assets Applicable to Common Stock:	Common Stock, par value $.10 per share (21,038,614 shares issued and outstanding) ...
	Paid-in capital in excess of par ...
	Undistributed investment income--net ...
	Accumulated realized capital losses on investments--net ...
	Unrealized appreciation on investments--net ...
	Total accumulated losses--net ...
	Total--Equivalent to $14.90 net asset value per share of Common Stock (market price--$14.24) ...

* Auction Market Preferred Stock.

See Notes to Financial Statements.

STATEMENT OF OPERATIONS

For the Year Ended July 31, 2002

Investment Income:	Interest	
Expenses:	Investment advisory fees	$ 2,
	Commission fees	
	Accounting services	
	Professional fees	
	Transfer agent fees	
	Reorganization expenses	
	Printing and shareholder reports	
	Custodian fees	
	Directors' fees and expenses	
	Listing fees	
	Pricing fees	
	Other	
	Total expenses before reimbursement	3,
	Reimbursement of expenses	(
	Total expenses after reimbursement	
	Investment income--net	
Realized & Unrealized Gain On Investments--Net:	Realized gain on investments--net	
	Change in unrealized appreciation/depreciation on investments--net	
	Total realized and unrealized gain on investments--net	
Dividends to Preferred Stock Shareholders:	Investment income--net	
	Net Increase in Net Assets Resulting from Operations	

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Increase (Decrease) in Net Assets:	
Operations:	Investment income--net ....
	Realized gain (loss) on investments--net ....
	Change in unrealized appreciation/depreciation on investments--net ....
	Dividends to Preferred Stock shareholders ....
	Write-off of offering costs resulting from the initial issuance of Preferred Stock ....
	Net increase in net assets resulting from operations ....
Dividends to	Investment income--net ....

Common Stock Shareholders:	Net decrease in net assets resulting from dividends to Common Stock shareholders
Common Stock Transactions:	Proceeds from issuance of Common Stock resulting from reorganization ....
	Offering costs resulting from the initial issuance of Common Stock ....
	Net increase in net assets derived from Common Stock transactions ....
Net Assets Applicable to Common Stock:	Total increase in net assets applicable to Common Stock ....
	Beginning of year ....
	End of year* ....
	*Undistributed investment income--net ....

\+ Certain prior year amounts have been reclassified to current year presentation.

See Notes to Financial Statements.

MuniHoldings New Jersey Insured Fund, Inc., July 31, 2002

FINANCIAL HIGHLIGHTS

	The following per share data and ratios have been derived from information provided in the financial statements.	For the Year July 31	
	Increase (Decrease) in Net Asset Value:	2002	2001
Per Share Operating Performance:#	Net asset value, beginning of period	$ 14.54	$ 13.14
	Investment income--net	1.06++	1.08
	Realized and unrealized gain (loss) on investments--net	.31	1.39
	Dividends and distributions to Preferred Stock shareholders:		
	Investment income--net	(.15)	(.34)
	Realized gain on investments--net	--	--
	Capital write-off (charge) resulting from issuance of Preferred Stock	--	--@@
	Total from investment operations	1.22	2.13
	Less dividends and distributions to Common Stock shareholders:		
	Investment income--net	(.86)	(.73)

	Realized gain on investments--net	--	--
	In excess of realized gain on investments--net	--	--
	Total dividends and distributions to Common Stock shareholders	(.86)	(.73)
	Capital charge resulting from issuance of Common Stock	--	--@@
	Net asset value, end of period	$ 14.90	$ 14.54
	Market price per share, end of period	$ 14.24	$ 12.64
Total Investment Return:**	Based on market price per share	20.01%	14.60%
	Based on net asset value per share	9.16%	17.26%
Ratios Based on Average Net Assets of Common Stock:	Total expenses, net of reimbursement and excluding reorganization expenses***	1.19%	1.18%
	Total expenses, net of reimbursement***	1.22%	1.18%
	Total expenses***	1.29%	1.29%
	Total investment income--net***	7.32%	7.72%
	Amount of dividends to Preferred Stock shareholders	1.00%	2.43%
	Investment income--net, to Common Stock shareholders	6.32%	5.29%
Ratios Based on Average Net Assets Of Common & Preferred Stock:***	Total expenses, net of reimbursement and excluding reorganization expenses	.72%	.69%
	Total expenses, net of reimbursement	.73%	.69%
	Total expenses	.78%	.76%
	Total investment income--net	4.40%	4.53%
Ratios Based on Average Net Assets of Preferred Stock:	Dividends to Preferred Stock shareholders ..	1.51%	3.46%
Supplemental Data:	Net assets applicable to Common Stock, end of period (in thousands)	$313,515	$305,913
	Preferred Stock outstanding, end of period (in thousands)	$203,000	$203,000
	Portfolio turnover	20.05%	55.60%
Leverage:	Asset coverage per $1,000	$ 2,544	$ 2,507

Dividends Per Share On Preferred Stock Outstanding:+++	Series A--Investment income--net	$ 356	$ 830
	Series B--Investment income--net	$ 381	$ 872
	Series C--Investment income--net	$ 389	$ 871
	Series D--Investment income--net	$ 363	$ 901
	Series E--Investment income--net	$ 393	$ 310

* 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. If applicable, the Fund's Investment Adviser waived a portion of its management fee. Without such waiver, the Fund's performance would have been lower.
*** Do not reflect the effect of dividends to Preferred Stock shareholders.
+ Commencement of operations.
++ Based on average shares outstanding.
+++ The Fund's Preferred Stock was issued on October 19, 1998 (Series A and B), March 6, 2000 (Series C and D), and March 5, 2001 (Series E).
# Certain prior year amounts have been reclassified to conform to current year presentation.
@ Aggregate total investment return.
@@ Amount is less than $.01 per share.

See Notes to Financial Statements.

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. 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 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). Realized gains and losses on security transactions are determined on the identified cost basis. Interest income is recognized on the accrual basis. As required, effective August 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing all premiums and discounts on debt securities. The cumulative effect of this accounting change had no impact on total net assets of the Fund, but resulted in a $52,416 increase in cost of securities (which, in turn, results in a corresponding $52,416 decrease in net unrealized appreciation and a corresponding $52,416 increase in undistributed net investment income), based on securities held by the Fund as of July 31, 2001.

The effect of this change for the year ended July 31, 2002 was to increase net investment income by $18,154, decrease net unrealized appreciation by $17,267 and increase net realized capital losses by $53,303. The statement of changes in net assets and financial highlights for prior periods have not been restated to reflect this change in presentation.

(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.

(f) Change in financial statement classification for Auction Market Preferred Stock ("AMPS")--In accordance with the provisions of the Financial Accounting Standards Board's Emerging Issues Task Force D-98 ("EITF D-98"), "Classification and Measurement of Redeemable Securities," effective for the current period, the Fund has reclassified its AMPS outside of permanent equity in the Net Assets section of the Statement of Net Assets. In addition, dividends to Preferred Stock shareholders are now classified as a component of the "Net Increase in Net Assets Resulting from Operations" on the Statement of Operations and Changes in Net Assets and as a component of the "Total from investment operations" in the Financial Highlights. Prior year amounts presented have been reclassified to conform to this period's presentation. The application of EITF D-98 related entirely to presentation and had no impact on net asset value or the allocation of net investment income or net realized capital gains or losses to Common Stock shareholders.

(g) Reclassification--Accounting principles generally accepted in the United States of America require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. Accordingly, the current year's permanent book/tax differences of $85,167 have been reclassified between accumulated net realized capital losses and undistributed net investment income and $72,137 has been reclassified between paid-in capital in excess of par and undistributed net investment income. These reclassifications have no effect on net assets or net asset values per share.

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 year ended July 31, 2002, FAM earned fees of $2,798,957 of which $231,829 was waived.

For the year ended July 31, 2002, the Fund reimbursed FAM $18,079 for certain 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 year ended July 31, 2002 were $101,228,975 and $100,257,580, respectively.

Net realized gains (losses) for the year ended July 31, 2002 and net unrealized gains (losses) as of July 31, 2002 were as follows:

	Realized Gains (Losses)	Unrealized Gains (Losses)
Long-term investments	$ 1,387,394	$ 29,318,238
Financial futures contracts	(474,274)	(1,691,797)
Total	$ 913,120	$ 27,626,441

NOTES TO FINANCIAL STATEMENTS (concluded)

As of July 31, 2002, net unrealized appreciation for Federal income tax purposes aggregated $29,335,505, of which $29,374,337 related to appreciated securities and $38,832 related to depreciated securities. The aggregate cost of investments at July 31, 2002 for Federal income tax purposes was $481,477,870.

4. Stock Transactions:

The Fund is authorized to issue 200,000,000 shares of stock, including Preferred Stock, par value $.10 per share, all of which were initially classified as Common Stock. The Board of Directors is authorized, however, to reclassify any unissued shares of stock without approval of holders of Common Stock.

Common Stock

Shares issued and outstanding during the year ended July 31, 2002 remained constant and during the year ended July 31, 2001 increased by 3,221,459 as a result of reorganization.

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 July 31, 2002 were Series A, 1.00%; Series B, .91%; Series C, 1.15%; Series D, 1.05% and Series E, 1.15%.

Shares issued and outstanding during the year ended July 31, 2002 remained constant and during the year ended July 31, 2001 increased by 1,120 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 year ended July 31, 2002, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned $281,802 as commissions.

5. Distributions to Shareholders:

On August 8, 2002, an ordinary income dividend of $.073000 was declared. The dividend was paid on August 29, 2002, to shareholders of record on August 19, 2002.

The tax character of distributions paid during the fiscal years ended July 31, 2002 and July 31, 2001 was as follows:

	7/31/2002	7/31/2001
Distributions paid from:		
Tax-exempt income	$21,231,081	$20,188,269
Total distributions	$21,231,081	$20,188,269

As of July 31, 2002, the components of accumulated losses on a tax basis were as follows:

Undistributed tax-exempt income--net	$ 2,789,860
Undistributed long-term capital gains--net	--
Total undistributed earnings--net	2,789,860
Capital loss carryforward	(35,328,697)*
Unrealized gains--net	27,697,744**
Total accumulated losses--net	$ (4,841,093)

* On July 31, 2002, the Fund had a net capital loss carryforward of $35,328,697, of which $2,713,832 expires in 2006, $4,022,894 expires in 2007, $1,794,104 expires in 2008 and $26,797,867 expires in 2009. This amount will be available to offset like amounts of any future taxable gains.

** The difference between book-basis and tax-basis net unrealized gains is attributable primarily to the tax deferral of losses on straddles, the difference between book and tax amortization methods for premiums and discounts on fixed income securities, unamortized organization costs, the realization for tax purposes of unrealized gains (losses) on certain futures contracts and the deferral of post-October capital losses for tax purposes.

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors,
MuniHoldings New Jersey Insured Fund, Inc.

We have audited the accompanying statement of net assets of MuniHoldings New Jersey Insured Fund, Inc., including the schedule of investments, as of July 31, 2002, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of July 31, 2002, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MuniHoldings New Jersey Insured Fund, Inc. at July 31, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the indicated periods in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1f to the financial statements, in 2002 the Fund changed its method of classifying Preferred Stock.

/s/ Ernst & Young LLP

MetroPark, New Jersey
September 6, 2002

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 Net Assets, which comprises part of the financial information included in this report.

QUALITY PROFILE (unaudited)

The quality ratings of securities in the Fund as of July 31, 2002 were as follows:

S&P Rating/Moody's Rating	Percent of Total Investments
AAA/Aaa	91.0%
AA/Aa	4.9
A/A	2.3
BBB/Baa	1.4
Other*	0.4

* Temporary investments in short-term municipal securities.

IMPORTANT TAX INFORMATION (unaudited)

All of the net investment income distributions paid by MuniHoldings New Jersey

Insured Fund, Inc. during its taxable year ended July 31, 2002 qualify as tax-exempt interest dividends for Federal income tax purposes.

Please retain this information for your records.

20 & 21

MuniHoldings New Jersey Insured Fund, Inc., July 31, 2002

OFFICERS AND DIRECTORS

Name	Address & Age	Position(s) Held with Fund	Length of Time Served	Principal Occupation(s During Past 5 Years
Interested Director				
Terry K. Glenn*	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 61	President and Director	1999 to present and 1998 to present	Chairman, Americas Region since 2001, and Executive Vice Preside since 1983 of Fund Ass Management, L.P. ("FAM and Merrill Lynch Investment Managers, L.P. ("MLIM"); Preside of Merrill Lynch Mutua Funds since 1999; President of FAM Distributors, Inc. ("FAMD") since 1986 an Director thereof since 1991; Executive Vice President and Director of Princeton Services, Inc. ("Princeton Services") since 1993; President of Princeton Administrators, L.P. since 1988; Director o Financial Data Service Inc. since 1985.

* Mr. Glenn is a director, trustee or member of an advisory board of certa which FAM or MLIM acts as investment adviser. Mr. Glenn is an "intereste Investment Company Act, of the Fund based on his positions as Chairman (President of FAM and MLIM; President of FAMD; Executive Vice President o of Princeton Administrators, L.P. The Director's term is unlimited. Dire resignation, removal or death, or until December 31 of the year in which Mr. Glenn serves at the pleasure of the Board of Directors.

Name	Address & Age	Position(s) Held with Fund	Length of Time Served*	Principal Occupation(s During Past 5 Years
Independent Directors				
Ronald W. Forbes	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 61	Director	1998 to present	Professor Emeritus of Finance, School of Business, State University of New Yor at Albany since 2000; and Professor thereof from 1989 to 2000.
Cynthia A. Montgomery	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 50	Director	1998 to present	Professor, Harvard Business School since 1989.
Charles C. Reilly	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 71	Director	1998 to present	Self-employed financia consultant since 1990.
Kevin A. Ryan	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 69	Director	1998 to present	Founder and currently Director Emeritus of T Boston University Cent for the Advancement of Ethics and Character a Director thereof from 1989 to 1999; Professo from 1982 to 1999 at Boston University.
Roscoe S. Suddarth	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 67	Director	2000 to present	Former President, Midd East Institute from 1995 to 2001.
Richard R. West	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 64	Director	1998 to present	Professor of Finance since 1984, and currently Dean Emeritu of New York University Leonard N. Stern Schoo of Business Administration.
Edward D. Zinbarg	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 67	Director	2000 to present	Self-employed financia consultant since 1994.

* The Director's term is unlimited. Directors serve until their resignatio December 31 of the year in which they turn 72.

Name	Address & Age	Position(s) Held with Fund	Length of Time Served*	Principal Occupat
Fund Officers				

Donald C. Burke	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 42	Vice President and Treasurer	1998 to present and 1999 to present	First Vice President o Treasurer thereof sinc Treasurer of Princeton President of FAMD sinc MLIM from 1990 to 1997 since 1990.
Kenneth A. Jacob	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 50	Senior Vice President	2002 to present	Managing Director of t Vice President of MLIM
John M. Loffredo	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 38	Senior Vice President	2002 to present	Managing Director of t Vice President of MLIM
Theodore R. Jaeckel Jr.	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 41	Vice President and Portfolio Manager	2002 to present	Director (Municipal Ta Adviser since 1997; Vi 1991.
Alice A. Pellegrino	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 42	Secretary	2001 to present	Director (Legal Adviso President of MLIM sinc MLIM since 1997; Assoc LLP from 1992 to 1997.

* Officers of the Fund serve at the pleasure of the Board of Directors.

Custodian	Transfer Agents		NYSE Symbol
The Bank of New York 100 Church Street New York, NY 10286	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	MUJ

22 & 23

[LOGO] Merrill Lynch Investment Managers

[GRAPHICS OMITTED]

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 and intends to remain leveraged 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

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