

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the quarterly period ended September 30, 2000

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

Commission file number 333-18053

PRUCO LIFE INSURANCE COMPANY
OF NEW JERSEY

(Exact name of Registrant as specified in its charter)

New Jersey

22-2426091

(State or other
jurisdiction, incorporation or organization)

(IRS Employer Identification No.)

213 Washington Street, Newark, New Jersey 07102

(Address of principal executive offices) (Zip Code)

(973) 802-3274

(Registrant's Telephone Number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES /X/ NO / /

State the aggregate market value of the voting stock held by non-affiliates of the registrant: NONE

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of November 14, 2000. Common stock, par value of \$5 per share: 400,000 shares outstanding

Pruco Life Insurance Company of New Jersey meets the conditions set forth in General Instruction (H) (1) (a) and (b) on Form 10-Q and is therefore filing this Form with the reduced disclosure format.

PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY

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Pruco Life Insurance Company of New Jersey

Statements of Financial Position
As of September 30, 2000 and December 31, 1999 (In Thousands)

<TABLE>
<CAPTION>

	(Unaudited) September 30, 2000	December 31, 1999
	----- <C>	----- <C>
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ASSETS		
Fixed maturities		
Available for sale, at fair value (amortized cost, 2000: \$632,633 and 1999: \$604,223)	\$ 623,732	\$ 585,271
Held to maturity, at amortized cost (fair value, 2000: \$7,132; and 1999: \$6,938)	7,470	7,470
Policy loans	149,991	143,815
Short-term investments	74,179	27,473
Other long-term investments	4,043	2,520
	-----	-----
Total investments	859,415	766,549
Cash	758	117
Deferred policy acquisition costs	122,261	129,184
Accrued investment income	14,527	12,492
Receivables from affiliate	20,344	16,231
Other assets	18,139	474
Separate Account assets	1,887,117	1,827,484
	-----	-----
TOTAL ASSETS	\$ 2,922,561	\$ 2,752,531
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Policyholders' account balances	\$ 428,879	\$ 414,917
Future policy benefits and other policyholder liabilities	108,986	105,861
Cash collateral for loaned securities	45,876	17,900
Securities sold under agreements to repurchase	16,773	-
Income taxes payable	32,529	27,829
Other liabilities	31,128	7,571
Separate Account liabilities	1,887,117	1,827,484
	-----	-----
Total liabilities	\$ 2,551,288	\$ 2,401,562
	-----	-----
Contingencies - (See Footnote 2)		
Stockholder's Equity		
Common stock, \$5 par value;		
400,000 shares, authorized;		
issued and outstanding at		
September 30, 2000 and December 31, 1999	2,000	2,000
Paid-in-capital	125,000	125,000
Retained earnings	247,176	230,057
Accumulated other comprehensive loss	(2,903)	(6,088)
	-----	-----
Total stockholder's equity	371,273	350,969
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 2,922,561	\$ 2,752,531
	=====	=====

</TABLE>

See Notes to Financial Statements

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Pruco Life Insurance Company of New Jersey

Statements of Operations and Comprehensive Income (Unaudited)
Nine and Three Months Ended September 30, 2000 and 1999 (In Thousands)

<TABLE>
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	Nine months ended September 30,		Three months ended September 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
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REVENUES				
Premiums	\$ 4,284	\$ 5,613	\$ 1,009	\$ 2,462
Policy charges and fee income	41,373	38,895	13,916	12,709
Net investment income	40,116	37,288	13,042	12,713
Realized investment (losses) gains, net	(493)	(2,661)	1,056	(522)
Asset management fees	6,416	4,876	2,231	1,626
Other income	156	305	52	141
	-----	-----	-----	-----
Total revenues	91,852	84,316	31,306	29,129
	-----	-----	-----	-----
BENEFITS AND EXPENSES				
Policyholders' benefits	21,699	19,906	7,287	5,479
Interest credited to policyholders' account balances	14,009	14,042	4,488	5,117
General, administrative and other expenses	29,806	33,901	8,163	12,278
	-----	-----	-----	-----
Total benefits and expenses	65,514	67,849	19,938	22,874
	-----	-----	-----	-----
Income from operations before income taxes	26,338	16,467	11,368	6,255
	-----	-----	-----	-----
Income tax provision	9,219	5,763	3,979	2,189
	-----	-----	-----	-----
NET INCOME	\$ 17,119	\$ 10,704	\$ 7,389	\$ 4,066
	-----	-----	-----	-----
Other comprehensive income, net of tax:				
Unrealized gains (losses) on securities, net of reclassification adjustment	3,185	(5,216)	2,581	(1,237)
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME	\$ 20,304	\$ 5,488	\$ 9,970	\$ 2,829
	=====	=====	=====	=====

</TABLE>

See Notes to Financial Statements

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Pruco Life Insurance Company of New Jersey

Statements of Changes in Stockholder's Equity (Unaudited)
Periods ended September 30, 2000 and December 31, 1999 and 1998 (In Thousands)

<TABLE>
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Common	Paid - in -	Retained	Accumulated other comprehensive	Total stockholder's
--------	-------------	----------	---------------------------------------	------------------------

	stock	capital	earnings	income (loss)	equity
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Balance, January 1, 1998	\$ 2,000	\$ 125,000	\$ 185,437	\$ 2,956	\$ 315,393
Net income	-	-	31,823	-	31,823
Change in net unrealized investment losses, net of reclassification and taxes	-	-	-	(1,363)	(1,363)
Balance, December 31, 1998	\$ 2,000	\$ 125,000	\$ 217,260	\$ 1,593	\$ 345,853
Net income	-	-	12,797	-	12,797
Change in net unrealized investment losses, net of reclassification and taxes	-	-	-	(7,681)	(7,681)
Balance, December 31, 1999	\$ 2,000	\$ 125,000	\$ 230,057	\$ (6,088)	\$ 350,969
Net income	-	-	17,119	-	17,119
Change in net unrealized investment gains, net of reclassification and taxes	-	-	-	3,185	3,185
Balance, September 30, 2000	\$ 2,000	\$ 125,000	\$ 247,176	\$ (2,903)	\$ 371,273
	=====	=====	=====	=====	=====

</TABLE>

See Notes to Financial Statements

Pruco Life Insurance Company of New Jersey

Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2000 and 1999 (In Thousands)

	Nine months ended, September 30, 2000 1999	
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 17,119	\$ 10,704
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Policy charges and fee income	(7,432)	(8,630)
Interest credited to policyholders' account balances	14,009	14,042
Realized investment losses, net	493	2,661
Amortization and other non-cash items	(3,944)	12,569
Change in:		
Future policy benefits and other policyholders' liabilities	3,125	982
Accrued investment income	(2,035)	(946)
Payable to/Receivable from affiliates, net	(4,113)	(8,961)
Policy loans	(6,176)	(3,182)
Deferred policy acquisition costs	6,923	(9,148)
Income taxes payable	4,700	2,402
Other, net	5,896	1,832
Cash Flows From Operating Activities	28,565	14,325
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale	357,461	637,300
Payments for the purchase of:		
Fixed maturities:		
Available for sale	(389,715)	(650,987)
Held to maturity	-	(7,470)
Cash collateral for loaned securities, net	27,976	(22,474)
Securities sold under agreements to repurchase, net	16,773	(11,137)
Other long-term investments	(1,523)	(1,320)
Short term investments, net	(46,706)	47,771
Cash Flows (Used in) Investing Activities	(35,734)	(8,317)
CASH FLOWS FROM FINANCING ACTIVITIES:		

Policyholders' account balances:		
Deposits	142,756	195,689
Withdrawals	(134,946)	(201,716)
	-----	-----
Cash Flows From (Used in) Financing Activities	7,810	(6,027)
	-----	-----
Net increase (decrease) in Cash	641	(19)
Cash, beginning of year	117	45
	-----	-----
CASH, END OF PERIOD	\$ 758	\$ 26
	=====	=====

</TABLE>

See Notes to Financial Statements

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Pruco Life Insurance Company of New Jersey

Notes to Financial Statements (Unaudited)

1. BASIS OF PRESENTATION

The accompanying interim financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q on the basis of accounting principles generally accepted in the United States. These interim financial statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to provide a fair presentation of the results of operations and financial condition of the Pruco Life Insurance Company of New Jersey ("the Company"), for the interim periods presented. All such adjustments are of a normal recurring nature. The Company is a wholly-owned subsidiary of the Pruco Life Insurance Company ("Pruco Life") which in turn is a wholly-owned subsidiary of The Prudential Insurance Company of America ("Prudential"). The results of operations for any interim period are not necessarily indicative of results for a full year. Certain amounts in the Company's prior year financial statements have been reclassified to conform to the 2000 presentation. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

2. CONTINGENCIES

Various lawsuits against the Company have arisen in the course of the Company's business. In certain of these matters, large and/or indeterminate amounts are sought.

On October 28, 1996, the Company entered into a Stipulation of Settlement with attorneys for the plaintiffs in a consolidated class action lawsuit pending in a Multi-District Litigation proceeding in the U.S. District Court for the District of New Jersey. The class action suit involved alleged improprieties in connection with the sale, servicing and operation of permanent life insurance policies from 1982 through 1995. Pursuant to the settlement, the Company has participated in a remediation program pursuant to which relief was offered to policyowners who were misled when they purchased permanent life insurance policies in the United States from 1982 to 1995. Prudential has agreed to indemnify the Company for any liability incurred in connection with that litigation.

The balance of the Company's litigation is subject to many uncertainties, and given the complexity and scope, the outcomes cannot be predicted with precision. Management believes that any ultimate liability that could result from such litigation would not have a material adverse effect on the Company's financial position.

3. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential and other affiliates. It is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Expense Charges and Allocations

All of the Company's expenses are allocations or charges from Prudential or other affiliates. These expenses can be grouped into the following categories: general and administrative expenses, retail distribution expenses and asset management fees.

The Company's general and administrative expenses are charged to the Company

using allocation methodologies based on business processes. Management believes that the methodology is reasonable and reflects costs incurred by Prudential to process transactions on behalf of the Company. Prudential and the Company operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided by Prudential.

The Company is allocated estimated distribution expenses from Prudential's retail agency network for both its domestic life and annuity products. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs ("DAC"). At April 1, 2000, Prudential and the Company agreed to revise the estimate of allocated distribution expenses to reflect a market based pricing arrangement.

The Company is charged an asset management fee by Prudential Global Asset Management ("PGAM") for managing the Separate Account investment portfolio. These fees are a component of general, administrative and other expenses.

Pruco Life Insurance Company of New Jersey

Notes to Financial Statements (Unaudited)

3. RELATED PARTY TRANSACTIONS (continued)

In accordance with a profit sharing agreement with Prudential, the Company receives asset management fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These amounts are recorded as "Asset Management Fees" in the Statement of Operations.

On September 29, 2000, the Board of Directors for the Prudential Series Funds, Inc. ("PSFI") adopted resolutions to terminate the existing management agreement between PSFI and Prudential and has appointed another subsidiary of Prudential as the fund manager for PSF. The Company is currently assessing the effect of these resolutions on its profit sharing agreement with Prudential.

Corporate Owned Life Insurance

The Company has sold a Corporate Owned Life Insurance ("COLI") policy to Prudential. The cash surrender value included in Separate Accounts was \$194.4 million and \$199.0 million at September 30, 2000 and December 31, 1999, respectively.

Reinsurance

The Company currently has a reinsurance agreement in place with Prudential ("the reinsurer"). The reinsurance agreement is a yearly renewable term agreement in which the Company may offer and the reinsurer may accept reinsurance on any life in excess of the Company's maximum limit of retention. The Company is not relieved of its primary obligation to the policyholder as a result of these reinsurance transactions. These agreements had no material effect on net income for the periods ended September 30, 2000 and December 31, 1999.

Debt Agreements

In July 1998, the Company established a revolving line of credit facility with Prudential Funding Corporation, a wholly-owned subsidiary of Prudential. There is no outstanding debt relating to this credit facility as of September 30, 2000 or December 31, 1999.

4. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 was amended by SFAS 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", issued June, 1999 and by SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" issued in June 2000. SFAS 133, as amended, requires that companies recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS 133 does not apply to most traditional insurance contracts. However, certain hybrid contracts that contain features which may affect settlement amounts similarly to derivatives may require separate accounting for the "host contract" and the underlying "embedded derivative" provisions. The latter provisions would be accounted for as derivatives as specified by the statement.

SFAS No. 133 provides, if certain conditions are met, that a derivative may be specifically designated as (1) a hedge of the exposure to changes in the fair

value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (2) a hedge of the exposure to variable cash flows of a forecasted transaction (cash flow hedge), or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign-currency-denominated forecasted transaction (foreign currency hedge).

Under SFAS No. 133, the accounting for changes in fair value of a derivative depends on its intended use and designation. For a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item. For a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. For a hedge of a net investment in a foreign subsidiary, the gain or loss is reported in other comprehensive income as part of the foreign currency translation adjustment. For all other derivatives not designated as hedging instruments, the gain or loss is recognized in earnings in the period of change. The Company is required to adopt this Statement, as amended, as of January 1, 2001. Adoption of SFAS 133, as amended, is not expected to have a material impact on the Company's financial position or results of operations.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Pruco Life Insurance Company of New Jersey meets the conditions set forth in General Instruction H(1)(a) and (b) on Form 10-Q and is filing this form with reduced disclosure.

1. Analysis of Financial Condition

Total assets for the Company increased \$170.0 million during the first nine months of 2000. As a result of increased securities lending activity, short-term investments rose by \$46.7 million. In addition, Separate Account assets increased by \$59.6 million, due to net cash inflows. Other assets increased by \$17.7 million due to timing on the cash collection of receivables for securities sold.

Similarly, liabilities increased by \$149.7 million from December 31, 1999. Higher levels of securities lending activity increased liabilities by \$44.7 million. Separate Account contractholder fund balances grew by \$59.6 million due to contributions of \$157.3 million and new investment income of \$19.8 million, offset by surrenders, withdrawals and disbursements of \$117.5 million. Policyholder account balances increased by \$14.0 million mainly due to sales of the Discovery Select annuity product ("Discovery Select"). Other liabilities increased by \$23.6 million primarily as a result of timing of the cash payments for purchases of securities.

2. Results of Operations

For the nine months ended September 30, 2000 and September 30, 1999

Net income for the nine months ended September 30, 2000 was \$17.1 million, an increase of \$6.4 million from the first nine months of 1999. Revenue increased by \$7.5 million and expenses decreased by \$2.3 million. The income tax provision was higher by \$3.4 based on the corresponding increase in net income.

Net investment income increased by \$2.8 million primarily due to a corresponding increase in the fixed maturity and short term asset base during the period. There were also realized losses of \$5.5 million, an improvement of \$2.2 million, as a result of gains on forward currency contracts, driven by a rise in the value of the US dollar against other currencies compared to the same period in 1999.

Policy charges and fee income increased by \$2.5 million and asset management fees increased by \$1.5 million when comparing year-to-date September 30, 2000 to September 30, 1999. The increases are primarily related to higher mortality and expense charges and investment advisory fees resulting from the rise in Separate Account assets primarily as a result of sales of Discovery Select.

Policyholders' benefits increased slightly by \$1.8 million, primarily due to increases in reserves for extended term policies and disability reserves. Interest credited to policyholder account balances remained relatively flat during the period compared to the prior year.

General, administrative and other expenses decreased by \$4.1 million. DAC amortization, which is a component of general, administrative and other expenses, was lower by \$3.1 million as a decrease in the DAC amortization of life products of \$3.6 million was slightly offset by increases in annuity DAC

amortization of \$.5 million. DAC amortization for life products decreased as the prior year included write-offs of DAC for policies that were rescinded as a result of the Company's policyholder remediation program, as described in the Notes to the Financial Statements. Annuity DAC amortization increased due to growth in profitability of the annuity business, changes made late in 1999 to the assumptions used in the amortization model, and the release of DAC due to Discovery Select lapse experience. In addition, as of April 1, 2000, there was a change in the allocation of estimated distribution expenses from Prudential's retail agency network, which decreased year over year expenses by \$1.0 million.

For the three months ended September 30, 2000 and September 30, 1999

Net income for the three months ended September 30, 2000 was \$7.4 million, an increase of \$3.3 million from the third quarter of 1999, with increases of \$2.2 million in revenues and decreases of \$2.9 million in expenses. The income tax provision was higher by \$1.8 million based on the corresponding increase in net income.

Net investment income increased by \$.3 million primarily due to a corresponding increase in the fixed maturity asset base during the period. There were also realized gains of \$1.1 million, an improvement of \$1.6 million compared to 1999, as a result of gains on forward currency contracts, driven by a rise in the value of the US dollar against other currencies.

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Policy charges and fee income increased by \$1.2 million and asset management fees increased by \$.6 million related to higher mortality and expense charges and investment advisory fees, resulting from the rise in Separate Account assets primarily as a result of sales of Discovery Select.

Policyholder benefits, including changes in reserves, are \$1.8 million higher due to increases in reserves for extended term policies and disability reserves.

General, administrative and other expenses decreased by \$4.1 million from the prior year. DAC amortization decreased by \$2.5 million, mainly due to write-offs of DAC for life policies that were rescinded as a result of the Company's policyholder remediation program as described in the Notes to the Financial Statements. As of April 1, 2000, there was a change in the allocation of estimated distribution expenses from Prudential's retail agency network, which decreased quarter over quarter expenses by \$1.0 million. In addition, an increase to the reserve for unbeknownst modified endowment contracts ("UMEC") of \$1.1 million was offset by decreased salary and consulting expenses.

3. Liquidity and Capital Resources

Principal cash flow sources are investment and fee income, investment maturities and sales, and premiums and fund deposits. These cash inflows may be complemented by financing activities through other Prudential affiliates.

Cash outflows consist principally of benefits, claims and amounts paid to policyholders in connection with policy surrenders, withdrawals and net policy loan activity. Uses of cash also include commissions, general and administrative expenses, and purchases of investments. Liquidity requirements associated with policyholder obligations are monitored regularly so that the Company can manage cash inflows to match anticipated cash outflow requirements.

The Company believes that cash flow from operations together with proceeds from scheduled maturities and sales of fixed maturity investments, are adequate to satisfy liquidity requirements based on the Company's current liability structure.

The Company had \$2.9 billion of assets at September 30, 2000 compared to \$2.8 billion at December 31, 1999, of which \$1.9 billion and \$1.8 billion were held in Separate Accounts at September 30, 2000 and December 31, 1999, respectively, under variable life insurance policies and variable annuity contracts. The remaining assets consisted primarily of investments and deferred policy acquisition costs.

4. Information Concerning Forward-Looking Statements

Some of the statements contained in Management's Discussion and Analysis, including those words such as "believes", "expects", "intends", "estimates", "assumes", "anticipates" and "seeks", are forward-looking statements. These forward-looking statements involve risk and uncertainties. Actual results may differ materially from those suggested by the forward-looking statements for various reasons. In particular, statements contained in Management's Discussion and Analysis regarding the Company's business strategies involve risks and uncertainties, and we can provide no assurance that we will be able to execute our strategies effectively or achieve our financial and other objectives.

PART II

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3(i)(a) The Articles of Incorporation (as amended through March 11, 1983) of Pruco Life Insurance Company of New Jersey are incorporated by reference to Post-effective Amendment No. 26 to the Registration Statement on Form S-6 of Pruco Life of New Jersey Variable Appreciable Account as filed April 28, 1997, Registration No. 2-89780.
- 3(i)(b) Amendment to the Articles of Incorporation dated February 12, 1998 is incorporated by reference to Post-Effective Amendment No. 12 to the Registration Statement on Form S-1, of Pruco Life of New Jersey Variable Contract Real Property Account as filed on April 16, 1999, Registration No. 33-20018.
- 3(ii) By-Laws of Pruco Life Insurance Company of New Jersey (as amended through May 5, 1997) are incorporated by reference to Form 10-Q as filed by the Company on August 15, 1997.
- 4 Market-Value Adjustment Annuity Contract is incorporated by reference to the Company's registration statement on Form S-1, Registration No. 333-18053, as filed November 17, 1995.
- 27 Financial Data Schedule is filed herewith in accordance with EDGAR instructions.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY
(Registrant)

Signature - - - - -	Title -----	Date -----
<u>Esther H. Milnes</u>	President and Director	November 14, 2000
<u>William J. Eckert, IV</u>	Principal Financial Officer and Chief Accounting Officer	November 14, 2000

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