

NEW JERSEY AUTOMOBILE INSURANCE RISK EXCHANGE
Post Office Box 3508
Cherry Hill, New Jersey 08034

October 2021

To NJAIRE Member Companies

Compliance audits of Member Companies are part of the New Jersey Automobile Insurance Risk Exchange's ("NJAIRE") data quality program, supplementing the NJAIRE Central Processor's data quality review. The purpose of NJAIRE's compliance audit program is to ensure quality data is used for all companies for all accident years in the Annual Cash Settlement.

When a Member Company is selected for a compliance audit it is asked to provide detailed claim files, among other items, ("Audit Information") to AIPSO, who has been retained by NJAIRE to perform compliance audits in accordance with NJAIRE requirements.

NJAIRE recognizes that the Audit Information provided to AIPSO as part of the compliance audit contains confidential information. As such, NJAIRE wants to assure all of its Member Companies that NJAIRE and AIPSO take their responsibility of protecting Member Company Audit Information seriously. NJAIRE and AIPSO have implemented a number of procedures to ensure the security and confidentiality of the Audit Information and to guard against unauthorized access to, or use of the Audit Information:

1. AIPSO and the Examiner(s) assigned to a Member Company audit will execute a nondisclosure agreement ("NDA") with the Member Company. The NDA is posted on NJAIRE's member only section of its website and is provided to a Member Company at the time of the Audit engagement.

2. When conducting remote audits, in order to ensure the secure transfer of the Audit Material, Audit Material is shared by the Member Company into AIPSO's Citrix file share. After the Audit Material is downloaded into AIPSO's secure network, it is deleted from the Citrix file share. An additional safeguard of an expiration date has been added which results in the Audit Material being automatically deleted should AIPSO fail to do so.

3. AIPSO restricts access to the Audit Material to only the Examiner(s) working on the Member Company's compliance audit.

4. AIPSO destroys all Audit Material after the issuance of the final audit report if there are “no findings” associated with the Audit Material. If the Audit Material resulted in a finding as reported in the final audit report, AIPSO maintains the Audit Material related only to the finding together with the final audit report for a period of seven years, after which it is destroyed. The Audit Material, while maintained in accordance with AIPSO Audit Services’ Record Retention and Destruction guidelines for seven years, is only accessible to authorized members of AIPSO Audit Services.

5. AIPSO does not provide any Audit Material to NJAIRE, its service providers, its Board members or to the New Jersey Department of Banking and Insurance. The only information provided by AIPSO concerning a Member Company compliance audit is AIPSO’s final audit report. The cover page of the audit report in bold contains the following notice: “This audit contains private and confidential information of a proprietary nature involving the named company and private and confidential information involving certain insureds. Distribution of this audit is restricted to the appropriate Board members and ISO only, and, upon request, to the Insurance Department.”

Additionally, the cover letter forwarding the audit report to the Board members specifically provides that, “This report contains confidential information and is intended solely for the use of the NJAIRE Board of Directors and ISO.” All individuals receiving a copy of the audit report, other than Board members, are listed as a “copy” on the bottom of the letter.

6. NJAIRE maintains a record retention policy which provides that Member Company compliance audit reports are destroyed after the issuance of a subsequent compliance audit report.

7. AIPSO’s contract with NJAIRE contains a provision governing the non-disclosure of confidential information wherein AIPSO agrees to hold and safeguard confidential information in trust for NJAIRE and will not, without the prior written consent of NJAIRE disclose any information deemed confidential by NJAIRE.

If you have any questions or concerns, please do not hesitate to contact me.

Regards,


John McBride (Oct 14, 2021 11:38 EDT)

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