

AUDIT RISK BULLETIN

Insight into audit and advisory trends, risks, and regulation – direct from the experts at Pro Global.

MARCH 2026

Pro
GLOBAL



Welcome to the latest edition of our Audit Risk Bulletin - the first of 2026 - where we share timely insight, industry perspectives, and practical updates from the audit and advisory world. Alongside the headlines, we'll continue to offer a glimpse into the people and thinking that shape Pro Audit.

Let's dive in.

Up to 18%

Additional premium yielded by insurers who adopt proactive approaches to premium audits for U.S. Workers' Compensation (WC) and General Liability (GL) claims in North America

Lloyd's average star rating for Pro Global binders across the continents of North and South America and Europe.

CANADA



USA



ITALY, FRANCE



UK & REST OF WORLD*



* United Kingdom, France, Germany, Poland, Belgium, Israel, Luxembourg, Netherlands, United Arab Emirates, Denmark, Ireland, Malta, Czech Republic, Gibraltar, Norway, Portugal, Sweden.



But first a short note from our Group Head of Audit and Advisory, Pervin Sivanathan...

The 2026 audit and advisory landscape continues to evolve at a pace. Heightened regulatory scrutiny, growing reliance on third-parties, and increasing expectations around data quality and operational resilience are reshaping how insurers, MGAs, and carriers think about risk, governance and assurance.

Against this backdrop, the role of audit has never been more critical not as a backward-looking exercise, but as a proactive tool for insight, control and strategic decision-making.

In this edition, we explore several themes that are already defining the year ahead. From the accelerating use of audit-tech to strengthen trust across insurance value chains, to the growing focus on third-party oversight and operational resilience, the message is clear: Organisations that invest early in robust audit frameworks are far better placed to navigate uncertainty and sustain performance.

Speaking of operational resilience and having robust frameworks – these were the themes that took centre stage in the second part of our joint Market Briefing with the MGAA on 27 January, where Pro Global is proud to contribute practical insight into the audit, risk and governance challenges facing MGAs today. Building on the [first session](#), Part 2 focused

on how MGAs can strengthen oversight, demonstrate control to capacity providers, and respond confidently to increasing regulatory and commercial expectations.

A key theme that was explored was that operational resilience is not an abstract compliance concept, but a governance and growth imperative.

Mike explained:

“Operational resilience is far more widely understood now from board level down. When firms keep controls simple, maintain dialogue with stakeholders and embed resilience into governance structure, it becomes a real pathway to fast and safe growth.”

But what is operational resilience and what does it have to do with audit?

In the insurance world, operational resilience is defined as an insurer's ability to prevent, adapt, respond, recover and learn from operational disruptions to their important business services.

In terms of auditing operational resilience, it involves evaluating whether an insurer has set impact tolerances, mapped dependencies and ensured governance, for example.

Therefore, auditors assess an insurer's framework allows them to protect policyholders, manage third-party risk and adopt a holistic view. You can hear more from our Senior Auditor, Elaine Collier talking about Lloyd's audit in an upcoming video interview below.

But back to the Market Briefing at hand. Overall, the two sessions highlighted that operational resilience is a living process: driven by strong governance, supported by the right tools and owned across the business.

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We also want to say a massive thank you to the MGAA for partnering with us on this two-part series, we appreciate your support and the work that you are doing for MGAs in the market.

Across markets and classes, smart auditing, early intervention, and better use of data are key strategic imperatives for all insurance businesses in 2026. I hope you find the insights in this bulletin useful and actionable, and I look forward to continuing the conversation with many of you throughout the year ahead. We also look forward to engaging directly with the MGA community on the realities behind the headlines - and what "good" looks like in practice.

Pervin Sivanathan,
Group Head of Audit & Advisory

FCA 2026 Priorities:

The Audit Wake-Up Call for Insurers

The FCA's new Regulatory Priorities report for Insurance is a clear statement of where regulatory scrutiny will fall in 2026. From an audit perspective, it gives a strong indication of where boards, internal audit functions and independent assurance providers should be focusing their attention now.

For insurers, the message is direct: evidence matters. The regulator's focus is firmly on measurable outcomes - particularly those stemming from Consumer Duty - and firms must be able to demonstrate, not simply assert, that governance frameworks are delivering fair results.

In this environment, independence is critical. Boards need objective assurance that can withstand regulatory scrutiny. While internal audit plays a central role; increasingly, firms are recognising the value of independent external support to verify, challenge and peer review internal findings, ensuring credibility and robustness.

Four areas stand out from an audit and independent assurance perspective:

1. First, claims handling and service quality.

The FCA continues to prioritise consumer understanding, fair claims handling and transparency. Ongoing supervisory and enforcement activity in home and travel claims, alongside expanded scrutiny of outsourced and delegated authority arrangements, signals that operational governance is firmly in scope.

Internal audit teams should move beyond reviewing process design and test real-world outcomes. However, boards should also consider whether independent third-party review is needed to validate findings, particularly in higher-risk areas such as delegated authority oversight or outsourced claims handling.

Key questions include: Are claims settled promptly and fairly? Is management information sufficiently granular to identify emerging harm? Are third-party administrators subject to meaningful oversight and independent challenge? Can the firm clearly evidence how Consumer Duty shapes operational decisions?

Regulators will expect assurance that is objective and defensible. Independent peer review can strengthen confidence that outcome testing is robust and not overly reliant on management narratives.

2. Second, access to insurance and fair value.

Premium finance, protection gaps and vulnerable customers remain under the spotlight. The FCA is monitoring APRs and challenging Fair Value Assessments. Pricing governance, commission models and distribution economics therefore remain live regulatory risks.

Audit functions should examine whether product governance forums genuinely challenge value metrics, whether vulnerability

By **Pervin Sivanathan**, Group
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FCA 2026 Priorities:

The Audit Wake-Up Call for Insurers (CONTINUED)

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frameworks operate consistently across the customer journey, and whether board reporting provides a clear view of emerging consumer risk.

Again, independence matters. Fair Value Assessments in particular benefit from external benchmarking and independent review. Independent assurance can test assumptions, validate methodologies and provide boards with greater confidence that value metrics stand up to regulatory scrutiny.

Where internal audit undertakes this work, periodic independent validation or peer review of its approach can enhance credibility and demonstrate a commitment to best practice governance.

3. Third, growth and innovation, particularly AI.

The FCA has positioned itself as supportive of innovation, encouraging firms to explore AI and new technologies. However, support does not reduce accountability. The regulator will assess how AI is used in underwriting, claims

and customer service and whether firms are actively monitoring consumer outcomes. Internal audit should now be assessing model governance, explainability controls, bias testing, data integrity and third-party technology oversight. Innovation strategies must align with Consumer Duty obligations, not run in parallel to them.

Given the technical complexity and pace of change in AI, many firms will require specialist independent expertise to provide meaningful challenge. Independent model validation, peer review of governance frameworks and external testing of controls can help ensure that innovation is supported by defensible assurance.

Operational resilience and incident reporting requirements are also evolving, reinforcing the need for joined-up, independent assurance across technology, risk and compliance.

4. Finally, simplification of regulation

The FCA's ongoing regulatory simplification agenda is an interesting development. While the regulator is streamlining rules and data requirements, this does not equate to lower standards.

As prescriptive requirements fall away, reliance on overarching principles, particularly Consumer Duty, increases. That places greater responsibility on firms to exercise sound judgement and maintain strong governance frameworks.

For audit teams, this means reviewing how rule changes affect control environments, ensuring SMCR accountability remains clear, and testing whether reporting simplification creates unintended blind spots.

In a principles-based environment, independent judgement becomes even more important. External assurance can provide boards with confidence that interpretation of simplified rules remains aligned with regulatory expectations.

Proportionality at the fore

The overarching theme of the FCA's report is proportionality: less intensive supervision for firms doing the right thing and stronger intervention where harm is greatest.

For insurers, that translates into one simple expectation: being able to prove that governance works and outcomes are fair.

The call to action is clear: audit is not just about testing compliance. It is about giving boards independent confidence that strategy, innovation and day-to-day operations are aligned with regulatory expectations. That confidence is strongest when assurance is demonstrably objective, combining robust internal audit with independent external verification and peer review where appropriate.

Get in touch to find out more:
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“The call to action is clear: audit is not about giving boards independent confidence that strategy, innovation and day-to-day operations are aligned with regulatory expectations; and that confidence is strongest when it is demonstrably independent.”

Closing the Premium Gap

– Proactive WC and GL Audits Will Help Define Carrier Success in 2026

By Robert Sherman, US Head of Audit & Advisory

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[Learn more about our Premium Audit services here](#)

The National Council on Compensation Insurance's [2025 Legislative and Regulatory Trends Report](#) highlights the sheer scale of activity shaping WC. As of mid-2025, NCCI was monitoring 950 state and federal bills, including 592 in states where it provides ratemaking services, alongside 157 proposed regulations. Already, 164 bills have been enacted and 65 regulations adopted this year.

Hot topics range from mental injury coverage for first responders, to independent contractor rules, to the ongoing debate around marijuana reimbursement. Each new law adds complexity for carriers tasked with ensuring accurate classifications and premium calculations.

Meanwhile, [S&P's 2025 U.S. Property & Casualty Insurance Market Report](#) shows that while the industry is enjoying a second year of underwriting profitability, margins are tightening. Specifically, the workers' compensation line is facing "a combination of incrementally higher rates of US unemployment, a sluggish domestic economy and downward rate pressure following several years of historically strong underwriting results will combine to create some significant headwinds."

This dynamic – strong profitability but weak growth – creates a paradox for carriers. With rate decreases squeezing the top line, there is simply less margin for error when it comes to exposure reporting. Misclassifications, payroll underreporting, or lapses in regulatory compliance directly translate into lost premium and heightened risk.

Unlocking Additional Premium

Pro Global's aggregated audit data shows just how much is at stake. Our audits for U.S. carriers over the past 18 months reveal that proactive WC and GL audits can unlock up to 18% in additional premium. That's not an incremental benefit; it's a transformative opportunity in an environment where even a one-point shift in combined ratio can move the needle for carrier profitability.

Beyond the numbers, proactive audits strengthen compliance, reduce disputes, and improve customer satisfaction by ensuring policyholders are billed fairly and transparently. They also enable carriers to demonstrate alignment with evolving state regulations – whether it's adapting to new presumptions around mental health, or adjusting payroll classifications in the gig economy.

An immediate and effective strategy

Looking ahead to 2026, carriers face a narrowing runway. S&P projects slower compound annual growth rates across the sector, with P&C premiums growing at just 5.9% from 2024–2029 compared to 8.3% over the prior five years. For WC in particular, the favorable underwriting results of recent years set a high bar that could be difficult to maintain.

The message is clear: proactive and accurate WC and GL audits represent one of the most immediate and effective strategies for U.S. insurers to close the premium gap, protect margins, and build resilience in the face of regulatory complexity and slowing growth.

Confidence, Capacity and Control:

Canada's Quiet Audit Shift

The Canadian insurance market feels busy right now. There is energy in the MGA space, new products coming through, technology reshaping underwriting, and regulators paying close attention. It is a healthy kind of pressure, but pressure nonetheless.

After more than 40 years in property and casualty, I have learned that markets rarely stand still for long. What stands out today is the pace of change. New entrants are launching quickly. Established players are acquiring and expanding. Systems are being upgraded. Wordings are evolving. Oversight is firmly under the spotlight.

A changing MGA landscape

Across Canada, we continue to see new standalone MGAs entering the market. Many are insurtech-led, built on digital underwriting platforms and data-driven models. At the same time, established firms are expanding through acquisition and broadening their product offerings.

Specialty lines remain a key area of growth, particularly cyber. Difficult and underserved risks are attracting capacity and entrepreneurial energy. In some commercial lines, we are also seeing signs of softening, with broader appetite and increased competition.

All of this creates opportunity. It also creates complexity. As businesses grow, introduce new wordings, or implement new systems, small gaps can appear. An audit brings those gaps into focus. It provides reassurance that underwriting, claims handling, and documentation are

aligned with binding authority agreements and regulatory expectations.

The value of a structured audit approach

The Lloyd's audit methodology gives us a clear framework, beginning with detailed pre-audit questionnaires and continuing through testing of controls and review of files. The final report is not just a summary of findings. It should provide practical recommendations that help strengthen processes and reduce risk.

Many audits now require a very tailored approach. A new product launch, a change in underwriting management systems, or performance concerns can all shape the scope. Pre-Coverholder reviews are equally important. They set the tone early and help ensure readiness before formal approval is granted.

In Canada, language adds another layer of responsibility. Conducting audits in both English and French is essential, particularly in Quebec. Clarity in communication and documentation supports both compliance and operational effectiveness.

Regulatory focus and documentation discipline

Bill 96 continues to influence Quebec-based operations. Binding Authority Agreements must accurately reflect language law requirements, and wording precision is critical. Even small inconsistencies can create unnecessary exposure.

Regulatory expectations across Canada remain

By Elaine Collier, Senior Auditor (Canada)

Confidence, Capacity and Control:

Canada's Quiet Audit Shift (CONTINUED)

By Elaine Collier,
Senior Auditor (Canada)

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firm. Documentation quality, governance frameworks, and oversight processes are all under scrutiny. Firms that keep their house in order are better placed to manage questions when they arise.

Emerging risks and technical sectors

Canada is also contributing to increasingly complex global risks. High-tech manufacturing and component supply linked to space exploration are good examples. These are high-value, technically demanding exposures. They require strong underwriting discipline and careful oversight.

Audits in these sectors need a practical understanding of how the business operates, not just what is written on paper. Controls must reflect the real-world risk being assumed.

Looking ahead

As we move toward the second half of 2026, I expect the Canadian MGA market to continue evolving at this more rapid pace. Technology will become more embedded in underwriting and claims. Specialty risks will expand. Regulatory attention will remain steady.

In that environment, audit work supports confidence. It reassures capacity providers, strengthens internal controls, and gives management a clearer view of how the business is performing.

Earlier in my career, I progressed to become a property facultative reinsurance underwriter, at a time when very few women held those roles

in Canada. Mentorship played a significant part in my journey, and I remain committed to supporting newer professionals entering the industry today. Strong standards and shared knowledge help the whole market move forward.

Canada has a resilient insurance sector with deep expertise. With careful governance and thoughtful oversight, 2026 can be a year of steady, sustainable growth.

If you would like to discuss your upcoming audit requirements, pre-Coverholder reviews, or specific regulatory considerations, please get in touch. I would be very pleased to continue the conversation.

Key Takeaways: MGAA Webinar

– Operational Resilience & Third-Party Vendor Risk 101 (Part 2): What Are the Solutions?

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In the second and final session of our two-part Market Briefing series in partnership with the Managing General Agents' Association (MGAA), Pro Global's Mike Dalzell, Group Head of Governance, Risk & Compliance, and Kristy Lovegrove, Chief Technology Officer, shifted the conversation from challenge to action.

Building on [Part One's](#) discussion of regulatory pressure and the growing complexity of outsourced ecosystems, Part Two focused on the practical steps MGAs can take to strengthen due diligence, embed continuous vendor oversight, and use technology to evidence resilience without overcomplicating operations.

A key theme was that operational resilience is not an abstract compliance concept, but a governance and growth imperative. As Mike Dalzell explained:

"Operational resilience is far more widely understood now from board level down. When firms keep controls simple, maintain dialogue with stakeholders, and embed resilience into governance structures, it becomes a real pathway to fast and safe growth."

Technology and continuous oversight

The panel also explored the role of technology as an enabler of continuous oversight. Kristy Lovegrove emphasised the importance of starting with foundations before investing heavily in complex systems:

"You don't know what you're solving for until you've documented the controls and processes you need to meet. Start with visibility, standardisation, and the tools you already have, then build toward intelligent systems that enhance audit, evidence collection, and resilience monitoring."

The live polls conducted at the start and finish of the Webinar reinforced the market's evolving mindset – with the shift in responses reflecting the engagement in the session, and sharpening recognition that resilience requires simultaneous progress across data quality, governance, vendor oversight, and technology enablement.

Together, the sessions underscored that operational resilience is a living process: driven by strong governance, supported by the right tools, and owned across the business.

[Read the article here.](#)

Key Takeaways: MGAA Webinar

– Operational Resilience & Third-Party Vendor Risk 101: What Are the Challenges?

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In the first of our two-part webinar series hosted by the Managing General Agents' Association (MGAA), Pervin Sivanathan, Group Head of Audit & Advisory Services; Mike Dalzell, Group Head of Governance, Risk & Compliance and Company Secretary; and Kristy Lovegrove, Chief Technology Officer, unpacked one of the most pressing issues facing MGAs today: how to build, evidence, and continuously strengthen operational resilience in an increasingly complex third-party ecosystem.

With regulatory scrutiny intensifying and frameworks like the UK FCA's rules and the EU's Digital Operational Resilience Act (DORA) sharpening expectations, MGAs are under growing pressure to demonstrate that critical business services can withstand disruption, even when delivered by outsourced partners.

Here are our key takeaways from the discussion:

1. Operational resilience is now a board-level mandate

The panel agreed that the shift from "business continuity planning" to true operational resilience is well underway. Regulators now expect firms to map important business services, set impact tolerances, and continuously test resilience.

As Pervin Sivanathan noted: "The FCA has made it clear that operational resilience isn't a checkbox exercise, MGAs must evidence that core services remain resilient, even when those services are outsourced."

2. Third-party vendor oversight remains a major weak spot

Fragmented due diligence, periodic audits, and inconsistent data were highlighted as common challenges. Reliance on claims handlers, IT providers, and outsourced operational partners introduces hidden dependencies that MGAs often struggle to evidence.

Mike Dalzell emphasised the scale of change: "Outsourcing has grown rapidly, and regulators now expect firms to take full responsibility for managing the risks across third-party relationships, throughout the entire lifecycle."

Mapping vendor dependencies, testing against impact tolerances, and ensuring suppliers meet resilience expectations are now critical components of good governance.

3. Technology and data visibility are essential enablers

Digital transformation is becoming central to resilience planning. From real-time monitoring and dependency mapping to data-driven risk assessment and automation, MGAs are increasingly looking to tech to support continuous oversight.

Kristy Lovegrove highlighted the shift: "Digital transformation isn't just about systems, it's about visibility. When you understand your dependencies, your data, and your risk points, resilience becomes proactive rather than reactive."

4. Culture and collaboration underpin everything

A consistent theme across the discussion was the need for compliance, audit, and

technology teams to break down silos. Embedding resilience into everyday processes, governance frameworks, and decision-making is essential for firms wanting to move beyond minimum regulatory compliance.

5. What the live poll results revealed

The panel presented two poll questions live to the audience during the Webinar and the results were quite compelling. The first audience poll question: "Do you see operational resilience as a technical or regulatory control?" highlighted an overwhelming consensus: 96% of respondents view operational resilience as a dual responsibility, combining both regulatory and technical dimensions.

Only 4% saw it primarily as a technical requirement. This aligns strongly with the panel's message that resilience cannot sit solely within compliance or IT. Instead, it must be jointly owned across the business, with clear governance, robust technical foundations, and board-level accountability. The result underscored the industry's recognition that regulatory expectations and technological capability are now inseparable.

The second poll: "Do you test your outsource providers for operational resilience?" - showed a more mixed picture. Just 17% reported proactive, regular testing, while 43% said it is a work in progress, and 39% admitted they do not currently test providers but recognise the need.

These findings reflect the maturity challenge facing MGAs today: while firms understand the regulatory and operational importance of vendor oversight, many are still developing the tools, processes, and data needed to do it effectively. The panel noted that this gap is precisely where digital transformation, continuous monitoring, and clearer governance frameworks can offer immediate impact.

This was a hugely useful session for the market, offering an honest exploration of the challenges and gaps that MGAs continue to face in building true operational resilience. Part two moves the conversation forward, providing a practical, solutions-focused deep dive into the tools, processes, and approaches that can help firms strengthen their resilience frameworks. Many thanks to the MGAA for hosting this informative session, and to everyone who joined us live, and took part in the polls.

[Watch Part 1: Operational Resilience & Third-Party Vendor Risk 101: What Are the Challenges?](#)

[Learn more about our Vendor Assurance services here](#)

Key Takeaways from #RISK Europe 2025

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The Pro Global team had the pleasure of attending #RISK Europe 2025 at ExCeL London on 12-13 November 2025, a leading industry event exploring the evolving landscape of governance, risk and compliance. Bringing together risk professionals, regulators and technology experts, the two-day conference covered key issues including AI governance, data ethics, cyber resilience, third-party oversight and financial crime.

Representing Pro Global were Millie Toft, Barry Stock, Mike Dalzell, Asim Memon, Miriam Afonso, Julie Wood and Johnsey John, who joined a wide range of sessions and exchanged insights with peers across the sector. The event created valuable opportunities for discussion and collaboration, helping the team explore how innovation and integrity can move forward together.

A major theme this year was the growing maturity of conversations around Artificial Intelligence (AI) governance and responsible innovation. Sessions such as "AI, Privacy and Power: Is the GRC Fit for an AI Future?" highlighted the increasing need for clear accountability, ethics, proper governance frameworks and leadership ownership when adopting AI, along with ongoing dialogue with users and stakeholders to understand impacts, needs and risks. With the rise of AI and other technology enablement, organisations also need high-quality data and strong data governance, ensuring that senior roles take responsibility for the data they own and controls around it, including good governance of any third parties connected to that data.

Cyber resilience also featured prominently throughout the conference. Sessions such as Cyber Risk is Business Risk reinforced that cyber threats are now core business issues rather than technical ones. When understood and managed effectively, cyber risks can act as business enablers, helping organisations strengthen resilience and make better-informed decisions.

The term resilience resonated strongly across discussions, reflecting how it now covers many areas of risk including operational, cyber, regulatory and cultural considerations. The growing challenge of third-party risk was another recurring point. As businesses become more interconnected, the need for ongoing, proactive management of third-party risk has never been more critical to maintaining resilience across the organisation.

A key message from several sessions, including Beyond Compliance: Building GRC into Business DNA, was that the traditional tick-box approach to compliance has had its time. To support fast and resilient growth, risk and compliance must be deeply embedded within the business, influencing decision-making, culture and daily behaviour.

The conference also underscored the importance of continually updating and resetting risk management practices to reflect changing business needs, regulatory developments and emerging technologies. Speakers emphasised the value of keeping processes simple and maintaining ongoing dialogue with stakeholders, helping to generate the right behaviours and

keep risk management practical and forward-looking.

#RISK Europe 2025 once again demonstrated the value of bringing together a wide and diverse community to deepen understanding and strengthen collective resilience. For the Pro Global team, it was an energising and thought-provoking event that reinforced our commitment to helping clients navigate complexity with confidence, clarity and purpose.

Many thanks to the organisers for a great event!

[Read our key takeaways here.](#)

Third-Party, First Priority

– The Compliance Shift Insurers Can't Ignore

“You can't outsource accountability” – It's a mantra that insurers are hearing loud and clear from regulators in 2025, as new rules demand greater resilience, tighter third-party oversight, and sharper audit trails.

Vendor risk isn't a procurement issue, it's a boardroom and regulatory priority. And it's fast becoming a reputational flashpoint.

Just ask the Lloyd's syndicates now weighing liability cover for AI-powered chatbots. It's the clearest sign yet that insurers are waking up to the operational and regulatory fallout of third-party tech failures, whether it's a rogue algorithm, a weak vendor control, or an invisible risk buried deep in the supply chain.

The Regulatory Crunch Point

The vendor oversight playbook has been rewritten. Firms can no longer rely on annual spreadsheets or boilerplate questionnaires. Under SYSC 15A and PS21/3, the UK's Financial Conduct Authority mandates that firms identify “important business services,” map critical third-party dependencies, and conduct resilience testing with documented audit evidence. Across Europe, the EU's Digital Operational Resilience Act (DORA) raises the bar by introducing unified ICT risk standards, mandatory incident reporting, and a spotlight on cloud and software vendors. [Articles 28-44](#) are particularly clear: understanding and managing third-party risk is operational resilience DNA. Add in EIOPA's ICT guidelines, the forthcoming ESA “Critical Third-Party Providers” list, and pressure from boards and brokers, and the

message is clear: traditional vendor audits could be a risk in themselves if they don't get to the detail that is required to comply.

Due Diligence – The Foundation of Vendor Assurance

Before any audit programme can deliver meaningful insight, insurers need a robust, consistent, and centralised due diligence process. Without it, audits risk becoming tick-box exercises that miss critical vendor vulnerabilities.

Many insurers still face fragmented procurement processes; different business functions applying different vendor vetting standards, inconsistent data capture, and overdue or incomplete reviews. In one case, Pro Global was engaged to help a leading international insurance provider with a backlog of approximately 800 clients needing full due diligence, as well as the migration of up to 2,000 client records into a new database.

By engaging directly with all business functions, gathering requirements, and applying our experience in vendor governance, we created a single, end-to-end due diligence process supported by clear procedural documents and tailored vendor assessment forms. We then embedded this process into a central platform, streamlining reviews and ensuring every vendor, new or existing, could be assessed, tracked, and updated in one place.

The result:

- **Consistency:** unified approach across the organisation

- **Efficiency:** reviews cut to 30 minutes per client, with records updated in under 10 minutes
- **Transparency:** everything stored in a single, accessible location
- **Readiness:** due diligence records instantly available for audit or regulatory review

With this foundation in place, vendor audits can move from retrospective checking to proactive assurance.

From Due Diligence to Audit – Closing the Loop

Traditional vendor reviews rarely provide the depth or agility needed to meet today's compliance expectations. Our Audit-Tech service is designed to close that gap, delivering scalable, tech-enabled audits that provide real-time assurance and complete transparency for insurers and MGAs navigating complex vendor ecosystems.

Key features include:

- **Criticality Mapping** – Rapidly identify which vendors underpin your most important business services. Focus audit efforts where they matter most.
- **Impact Tolerance Frameworks** – Define acceptable levels of disruption, clarify roles and responsibilities, and highlight weak links across the chain.
- **AI-Enhanced Audit Workflows** – Streamline data collection, automate issue detection, and drive faster remediation, with real-time dashboards that keep internal teams and regulators in the loop.

- **A Single Source of Audit Truth** – Store all findings, evidence, and remediation activity in a secure, cloud-based portal, enabling full transparency and readiness for scrutiny at any time.
- **The days of treating vendor audits as a box-ticking exercise are over.** With regulators making clear that firms remain accountable for the risks their vendors introduce, audit oversight must become more than reactive compliance – it needs to be proactive, continuous, and embedded into governance at every level.

Vendor assurance isn't just about passing an inspection. It's about owning the risk.

[Read the article on our website here.](#)

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Strength in Relationships:

Target Markets Key Takeaways

By Robert Sherman, US Head of Audit & Advisory

The [25th Annual Target Markets Program Administrators Association \(TMPAA\) Summit](#) once again delivered what makes it such a vital event for our industry, open dialogue, collaboration, and a clear view of how carriers, program administrators, and service providers can continue to evolve together.

For Robert Sherman, US Head of Audit & Advisory at Pro Global, the overarching theme this year was simple but powerful: strength in relationships. In a market defined by technological disruption, regulatory complexity, and shifting appetites for risk, our ability to grow as an ecosystem, not as individual silos, is what will set the pace for the next decade.

Across sessions and side conversations, one message resonated strongly: carriers, program administrators, and service providers must move in parallel, not in isolation. As new technologies, especially AI, reshape underwriting and claims, and as regulators adapt to keep pace, alignment and communication become essential.

Shared Responsibilities

Regulatory interpretation, data transparency, and audit readiness are no longer “check-box” exercises, they’re shared responsibilities. When carriers and partners bring their expertise together early in the process, they create a foundation for both compliance and innovation. The Summit highlighted this collective mindset more clearly than ever before.

Throughout the conference, I was repeatedly asked what differentiates Pro Global from other service providers in our space. My answer was

the same each time: it’s our people, and the way they walk alongside our clients. We don’t just talk the talk, we’re on the ground solving real problems.

Our subject-matter experts lead with experience earned through decades of auditing, underwriting, and claims work. They understand the business, the regulatory framework, and the human factors that influence how policies perform in the real world. That partnership approach, combining technical precision with hands-on collaboration, is what allows us to deliver measurable impact, not just reports and recommendations.

A Fast-Moving Market

The insurance market continues to evolve at speed. Strategies and risk appetites are shifting in response to economic pressure, capacity changes, and new classes of exposure. But whatever shape that evolution takes, one thing remains constant: sound governance depends on good dialogue. Embedding regular, proactive review and audit processes is no longer optional, it’s a strategic necessity. Whether you’re a carrier, MGA, or service provider, your guidelines, controls, and partnerships must evolve with the market, and they must be tested and validated continuously.

Our own recent data reinforces just how powerful that proactive approach can be. As we shared during the event, US insurers adopting proactive [Workers’ Compensation and General Liability premium audits](#) are unlocking up to 18% additional premium, revenue that would

otherwise be lost to misclassification, payroll underreporting, and missed rating-bureau requirements.

Just as importantly, the conversations at Target Markets reflected how audit excellence extends beyond any single service line. Alongside Workers’ Compensation and General Liability, we saw growing interest in how MGA audits, TPA reviews, and Claim Peer Review programs can strengthen governance, identify inefficiencies, and improve technical accuracy across the entire value chain. Carriers and program administrators are increasingly recognizing that proactive audit strategies – across underwriting, claims, and delegated authority – are critical, holistic tools for ensuring compliance, consistency, and profitability in a fast-changing market.

These audits aren’t simply financial exercises; they’re confidence-building tools. They enhance underwriting accuracy, reduce disputes, and strengthen compliance. They give carriers and brokers the assurance that exposures are being reported correctly and that their portfolios are performing as intended.

Accuracy and Collaboration

The takeaway from Target Markets was clear: in a competitive and regulated market, confidence is built on data accuracy, proactive communication, and trusted partnerships. The conversations in Arizona reinforced that the most effective organizations are those investing in integrated audit strategies that span MGA operations, TPA oversight, and claims governance.

Aligning these disciplines under a common purpose is helping carriers, MGAs, claims professionals and program administrators achieve greater visibility, stronger controls, and shared accountability. These are valuable conversations well worth having, and resulting in direct improvements on the ground. We look forward to keeping the momentum going. Many thanks to the organizers for an engaging event – see you next time!

[Read more about our Third Party Administrator services here](#)

By Robert Sherman, US Head of Audit & Advisory

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CASE STUDIES

Real-world success stories that showcase proven strategies, measurable results, and the impact our solutions deliver.

Transactional Review

Pro Global supported a leading reinsurance carrier in validating the accuracy of cedant-submitted bordereaux where limited file-level transparency created uncertainty over premiums and limits. Through a structured transactional review, Pro identified material variances, strengthened data integrity, and enhanced underwriting confidence across multiple assumed reinsurance programmes.

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TPA Audits

We delivered an independent, structured peer review of delegated claims handling for a large international specialty insurer grappling with transparency and consistency across multiple TPAs. Through detailed file-level assessments of reserving, exposure and governance, Pro enhanced oversight confidence, highlighted performance variances and shaped prioritised improvement actions.

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Building a Premium Audit operation

Pro Global partnered with a leading insurer to design and implement a premium audit function from the ground up, ensuring accurate exposure capture across Workers' Compensation and General Liability lines. By embedding specialist expertise, strengthening data validation, and aligning audit with underwriting intent, Pro improved premium accuracy, reduced leakage, and enhanced regulatory confidence.

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MEET THE PROS

– our North American audit experts

Robert Sherman, Head of US Audit and Advisory

With more than 20 years' experience in the insurance industry, Robert Sherman leads Pro Global's US Audit and Advisory team. Based in the US, Robert is responsible for shaping Pro's audit strategy and supporting carriers with specialist advisory services that strengthen compliance, operational resilience, and financial outcomes. We spoke to Robert about the evolving US workers' compensation (WC) and general liability (GL) audit landscape, and why proactive approaches are creating real opportunities for insurers.

Q: Rob, what are some of the biggest trends you're seeing in US insurance audit and advisory right now?

The audit space is moving quickly. Regulatory activity remains high. As the NCCI's 2025 Legislative and Regulatory Trends Report highlights, nearly 1,000 bills are being tracked this year, many of which directly impact workers' compensation. That means carriers must ensure their exposure reporting, classifications, and compliance processes are watertight. At the same time, we're seeing increasing appetite for proactive audits, where insurers want to identify issues earlier rather than just tick the regulatory box.

Q: You've been championing proactive WC and GL audits: why are they so important?

Accurate exposure reporting is the cornerstone of a sustainable insurance model. Yet too often we see misclassification, payroll underreporting, or errors that cause avoidable premium leakage. Our experience shows that insurers who take a proactive approach can unlock up to 18% additional premium. We've seen first hand how solving this challenge can help not only with recovering revenue but also boosting underwriting confidence, reducing disputes, and enhancing customer satisfaction.

Q: How are regulatory changes shaping the need for stronger audit processes?

The regulatory environment is becoming more complex. States are expanding definitions of

compensable injuries, rethinking independent contractor rules, and debating issues like marijuana reimbursement. For carriers, that means classification and reporting errors are more costly than ever. Proactive audits help insurers stay ahead of these changes, demonstrate compliance, and avoid the risk of fines or reputational damage.

Q: What role does technology and data play in the future of audit and advisory?

Technology is helping us streamline audits while improving accuracy. For example, integrating payroll, sales, and classification data into audit workflows makes it easier to flag discrepancies before they turn into leakage. But technology alone isn't enough. It's the combination of deep insurance expertise, regulatory knowledge, and client collaboration that ensures the data is used effectively.

Q: Looking ahead to 2026, where do you see the biggest opportunities for US insurers in this space?

For me, it's about shifting the mindset. Audits shouldn't be seen as a compliance burden, but as a strategic opportunity. Proactive WC and GL audits protect revenue, improve regulatory alignment, and build trust with policyholders. As we head into 2026, carriers that embrace this approach will be better positioned to navigate the regulatory landscape, reduce disputes, and grow sustainably.

USA – Est. 2022



By Robert Sherman, US Head of Audit & Advisory

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EUROPE:

How to Stay Ahead of Third-Party and Operational Resilience Risk

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When it comes to third party vendor risk, technology is something of a double-edged sword. While it drives unprecedented efficiency and innovation, it also introduces significant risk. The widespread adoption of AI and cloud services has led to a boom in third-party vendor relationships, with a staggering 91% of insurers adopting AI technologies in 2025.

This proliferation creates a complex ecosystem where risk is no longer confined to internal operations; with 60% of data breaches also originating from third-party vendors, managing this external risk is critical for operational resilience. Yet, technology itself offers a powerful solution, enabling the very oversight and control that this new reality demands.

Third-party failures are fast becoming reputational flashpoints – especially in regulated markets like Lloyd's. From cloud vendors to AI-enabled tools, insurance firms are facing increased scrutiny over how they manage critical outsourced services.

This reality coincides with a wave of new regulations designed to ensure operational resilience. In March 2025, the FCA's new operational resilience rules (SYSC 15A & PS21/3) took effect, requiring firms to identify important business services, set impact tolerances, and establish continuous testing. Similarly, Europe's Digital Operational Resilience Act (DORA) became law in January 2025, giving supervisors greater oversight over critical IT providers. This was followed in July by the European Supervisory Authorities' (ESA) guide on oversight

activities, providing practical insights into how they will oversee critical third parties.

What does this convergence of risk and regulation mean for the re/insurance sector? This was the topic Kristy Lovegrove, Group Head of Technology and Digital Services at Pro Global, and Mike Dalzell, Group Head of Governance, Risk and Compliance (GRC) at Pro Global, discussed on the recent Webinar: How to Stay Ahead of Third-Party and Operational Resilience Risk.

AI: A Double-Edged Sword for Due Diligence

The proliferation of AI is a game-changer, but it's not without its challenges. Mike pointed out, "there is an increase in cyber attacks involving AI: a great number of data breaches originate from third party vendors, which is just increasing the risk."

Yet, AI is also part of the solution. The industry is beginning to leverage this technology to streamline time-intensive due diligence processes. Kristy noted, "it is really interesting to lean into AI for due diligence when AI in itself is driving the need for deeper due diligence processes, but this is a smart way to initiate the process."

However, she was quick to add a crucial caveat: the human element remains vital. "The document itself isn't going to tell you whether that policy being upheld in reality – so you do still need that human in the loop to make sure that you're analysing and making sure that you're

looking at trends that an AI wouldn't necessarily pick up on its own." The key takeaway: AI can triage and generate questions, but people are needed to verify that the answers align with real-world practices.

The Regulatory Wake-Up Call: DORA and the FCA

The regulatory environment is also evolving, with new frameworks designed to address these heightened risks. The Digital Operational Resilience Act (DORA) and updated FCA rules (SYSC 15A & PS21/3) are no longer just suggestions; they are mandates that demand a proactive approach.

Mike explained that under the new FCA rules, firms "must identify important business services and set impact tolerances. Having done this they must also have effective processes and ensure regular testing from which to learn and develop. It's a continual process now."

This shift means that responsibility for managing third-party risk is front and centre. Mike said: "The FCA and other regulators all acknowledge that firms who use outsourced and other third-party service providers should take responsibility for managing risk arising from those arrangements." The days of treating compliance as a one-and-done exercise are over; it's now a core business function.

The Move from Tick-Box to Holistic Oversight With the complexity of modern supply chains – which can now include fourth parties – and the constant evolution of technology, the old ways

of doing business are no longer fit for purpose. Relying on "spreadsheets and word documents" for due diligence is a recipe for disaster.

Kristy emphasised the importance of a holistic view: "Having a more centralised view of operational resilience as an organisation can often help optimisation because often what we see is for instance some areas of the organisation won't know that they actually work with certain providers. So that cross sharing of information means you can often use your outsource partners for more."

This is no longer a siloed task for the compliance department. Mike highlighted that this is a board-level issue. "This isn't just something that's done in the compliance department. This is something that senior leadership will take an active interest in and the board they want to know that all risks are managed throughout the business."

To stay resilient and compliant, insurers must embrace a new approach: centralising their risk management, using technology to automate and refine processes, and fostering a culture of continuous improvement across the entire organisation.

Do these new regulations present an opportunity for your business to optimise its operations, or are they a daunting challenge you're not yet equipped to face?

[Read the full article here](#)

MEET THE TEAM IN THE MARKET

- UPCOMING EVENTS WE'RE ATTENDING

Lloyd's Audit Event

Auditor Exhibition Session at Lloyd's 2026, Tuesday 10 March 2026, 13:00 to 17:00

Target Markets

Mid-Year Meeting: April 28-30, 2026, Hilton Anatole in Dallas, Texas

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National Society of Insurance Premium Auditors (NSIPA)

NSIPA 2026 Annual Seminar: May 13 - 15, 2026, Royal Sonesta Hotel, New Orleans, Louisiana

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