

AI Governance: The Challenge for Boards



Most Boards assume their AI risk is being managed, but many lack clear visibility of who owns it, how it is controlled, and who is independently challenging it.

AI has evolved from pilot projects to everyday use much faster than governance has been able to keep pace. Firms are not alone in this challenge: governments and regulators around the world are still working out how best to oversee, and control, a rapidly developing technology.

It is tempting to treat AI as a technical problem for IT to own. It is not. The challenges are less about the technology itself, but much more about ownership, control and assurance. Ultimately the Board is responsible for ensuring these challenges are identified and dealt with effectively:

- Nobody has full visibility of where AI is being used.
- Model behaviour is hard to explain, sometimes even to the people who built it.
- There is unclear accountability.
- Fairness and conduct risk are untested.
- Assurance often comes from management, with no independent challenge behind it.

What we do

We draw on our own internal experience to help firms establish a practical AI governance and assurance programme that supports the Board in making wider strategic decisions and remaining operationally resilient. We combine independent challenge with our hands-on experience of building controlled AI adoption within a regulated professional services environment.

AI governance diagnostic: We review current and planned AI use, governance arrangements, policies, ownership, training and escalation routes to **identify** gaps and areas requiring Board attention.

Board and leadership support: We help Boards and senior leaders **understand** the key AI risks and opportunities, their oversight responsibilities, and the questions they should be asking of management.

Framework design and refinement: We **deliver** the development or validation of AI governance frameworks, including accountability, approvals, controls, monitoring and assurance.

Independent review of higher risk use cases: We can provide you with proportionate **challenge** over AI applications including pricing, underwriting, claims automation, customer facing tools and management information.

How we deliver

Our work is tailored to suit the maturity, scale and risk profile of each organisation that we work with. A typical engagement may include:

- reviewing current AI use, policies, controls and governance documentation
- interviewing key stakeholders across business, risk, compliance, technology and operations
- assessing governance against our own expectations for oversight, accountability and assurance
- testing selected higher risk use cases for controls, explainability and appropriate human judgement, and
- producing a clear report with findings, practical recommendations and next steps for the Board.

Examples of our experience

Model change control at a large insurer

A large insurer's actuarial models were being managed the way most still are: through shared folders, file naming conventions, and formal sign-off before production. But the process did not give the client a clear audit trail of changes between signoffs.

We worked alongside the client to embed an AI-assisted control environment in a controlled way. We introduced GitHub source control across the model codebase, with changes to code, testing and documentation held in one audit trail. AI tools supported the work, but every change remained traceable, reviewable and owned by the client team. We also provided documentation, along with practical guidance and training.

The result: the insurer has a fully embedded control environment, which their internal team operates day-to-day.

Automating our own client delivery pipeline

One of our own data-heavy actuarial workflows, which feeds directly into client deliverables, historically relied on spreadsheets passing between several people. Each stage involved manual checking and filtering, with multiple handovers and blurred ownership of the data. The process worked, but it was slow and was heavily reliant on individual judgement and manual controls.

We rebuilt the workflow as an end-to-end Python pipeline, embedding AI in a controlled manner. Generative AI is used only where the interpretation it provides adds value. Key rules, checks and outputs sit separately in tested, version-controlled code. This gives us a clear boundary around what AI can and cannot do, with ownership, testing and review built into the process.

The result: what used to take days now takes hours, with a full audit trail behind every step.

What it means for Boards

AI can bring real benefits, but only if firms are clear on where it is being used, what it is being used for, and how it is controlled. Boards do not need to understand every technical detail, but they do need to know that management has a grip on the key risks. That means clear ownership and boundaries, along with evidence that the controls are working in practice.

The key question for Boards is whether they have enough visibility and assurance to be comfortable with how AI is being used across the business.

Our expertise

Greig Bingham

Greig brings particular expertise in model governance and model risk frameworks. Greig has been a member of Broadstone's internal AI Council for three years, overseeing AI governance policies across the business. Greig helps clients turn governance principles into practical ways of working that fit their business and support day-to-day decisions. This includes supporting the design and review of model governance frameworks, clarifying model ownership and accountability, assessing model risk and materiality, strengthening documentation and controls, and helping Boards and senior management understand where independent challenge is needed.

The wider team and Broadstone capability

We combine extensive practical experience in model governance and actuarial modelling with risk management and Board advisory work. Across the wider Life and Health team, we have hands-on experience of building, using, reviewing and validating actuarial models across pricing, capital, reserving, financial reporting, with-profits, ORSA and strategic decision-making. This gives us a practical understanding of where model risk can arise, how controls operate in practice and what proportionate governance looks like for insurers of different sizes and complexity.

This experience is supported by Broadstone's broader governance, risk and assurance environment. As a regulated professional services business, Broadstone applies disciplined internal controls, data security standards and quality management expectations to its own work. Broadstone is ISO27001:2022 and Cyber Essentials+ accredited and audited, reflecting our commitment to information security, operational resilience and the careful handling of client information.



Why Broadstone

Experience

For over 30 years we have supported insurers across a broad range of actuarial and advisory work, including product development, pricing, reserved roles, regulatory advice, with-profits support, risk and ORSA, Board support and actuarial audit. Our experience means we bring strong actuarial analysis, commercial judgement and a practical understanding of regulatory, Board and policyholder issues. Through our experience in senior reserved roles, including Chief Actuary and With-Profits Actuary appointments, we bring a strong understanding of the commercial considerations facing insurers, enabling us to provide advice that is strategic, actionable and focused on delivering long-term value.

Our standards

We hold key accreditations illustrating our commitment to quality, security, our people, customers and the environment. We take information security seriously and are ISO27001:2022 and Cyber Essentials+ accredited and audited.

Our commitment to ESG

Broadstone takes sustainability seriously and our latest annual report can be found here <https://broadstone.co.uk/sustainability-report>.

This outlines our core beliefs and the targets we have set the business for the next 12 months and beyond.



Contact

greig.bingham@broadstone.co.uk

cara.spinks@broadstone.co.uk

broadstone.co.uk

 company/thebroadstonegroup

Birmingham / Bristol / Coventry / Darlington
Edinburgh / Glasgow / High Wycombe
London / Manchester / Redditch
Sheffield / St Albans / York

Important information

This document is for information purposes only and does not constitute advice or a recommendation. Outcomes are dependent on data, assumptions and regulatory factors and cannot be guaranteed. No representation or warranty is given as to accuracy or completeness, and no liability is accepted for reliance to the extent permitted by law.

AI governance remains a rapidly evolving area. The observations, recommendations and examples in this document reflect Broadstone's current view of emerging good practice based on our experience and understanding of the regulatory and industry landscape at the date of publication. As the use of AI develops, and as regulatory expectations, industry standards and emerging risks continue to evolve, views of what constitutes good practice may change over time.

This document is intended for use by professional clients, including insurers, reinsurers, and other institutional stakeholders, and is not directed at retail customers.

Broadstone Regulatory & Risk Advisory Limited is a company registered in England and Wales with Companies House number 04663795 with its registered office at 100 Wood Street, London EC2V 7AN. The company uses the trading name Broadstone, which is a trademark owned by Broadstone Corporate Benefits Limited and used by companies in the Broadstone group.