

Should insurers build or buy AI for audit and reconciliation?

Buy if a product fits your records and review process with configuration. Otherwise build. Either way, test it on a quarter you have already audited.

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Insurers should buy audit and reconciliation software when a product already reads their records, checks their contract terms, and fits their review process with configuration. They should build when their contracts, data, or review steps are different enough that adapting a product would cost about as much as building. A third option combines the two: licensed software plus integration and rules written for the insurer. Whichever route you consider, test it against a quarter you have already audited before you decide.

The checks you need

Before comparing products, list the records you compare and the rules you apply. For a delegated authority or insurance finance team, that often means bordereaux against binding authority agreements, commissions against producer agreements, and premiums and claims against the source records behind them. Note how often each check runs, who reviews discrepancies, and what evidence an auditor needs to decide.

Some of these checks are fixed calculations that ordinary code or a spreadsheet rule can handle. AI helps with the parts that require reading documents, such as contracts, endorsements, and files that arrive in inconsistent layouts. If the main problem is inconsistent reporting from MGAs, a standard reporting template may fix more than new software would.

When buying makes sense

Buying is usually faster to start, and the vendor maintains the core software. A product built for insurance reconciliation should already handle common record types and review steps.

You still have work to do: mapping your data, configuring your rules, integrating with your systems, training reviewers, and paying for support and usage. Before signing, confirm where your data will be hosted, which outside services receive them, who owns the rules and custom work you pay for, and how pricing changes as volume grows.

When building makes sense

Building gives you control over the rules, the review process, and how the data are handled, and you can own the result. It also makes you responsible for the ongoing work: engineers who understand insurance records, retesting when models or contracts change, monitoring, and support.

Build when the work is specific to your business, when you have or will hire the people to maintain it, and when the total cost over several years still compares well with licensing. Count model usage, infrastructure, exception review, and maintenance in that total, and report staff time released separately from budget saved.

Testing each option on a completed audit

Run each candidate, whether bought or built, against a recent quarter you have already audited. Compare its results with your accepted results, and have auditors review the differences. Check whether each discrepancy comes with the records and calculation behind it, whether auditors can record their decisions, and how much work it takes to add a new MGA's file format.

Where StrataEdge fits

The StrataEdge Reconciliation Platform is one option. It is StrataEdge-owned software that compares bordereaux, commissions, premiums, and claims with contracts, shows the evidence, and routes discrepancies to auditors for a decision. We fit it to each customer's records and agree on licensing, custom work, and ownership in the engagement.

For an insurance carrier, quarterly auditing and reconciliation fell from five people working for a week to one person working for a day. Manual checks found that 99 percent of outputs met audit requirements, compared with 90 percent under the prior process. Read the [insurance case](#) or see [how the platform works](#).

We also build custom AI agents and software, so we can help with either route.

[Request a platform demonstration](#)