



Tax cosourcing services for insurance premium tax compliance

An effective resource to help you manage compliance costs, improve control, and increase efficiency

During one of the world's worst economic downturns, when state and local tax authorities are increasing their demands and scrutiny, your premium tax compliance function needs to be more responsive, efficient, and effective than ever. Yet the reality for many insurance companies is that:

- Turnover and generational "brain drain" are leaving tax departments understaffed and ill equipped.
- Other tax compliance and regulatory demands are quickly growing.
- Budget cuts are stretching the remaining tax planning and compliance resources even thinner.

The premium tax burden still must be addressed. And, most challenging of all, you still need to find ways to cut costs across the tax department to help boost your company's liquidity.

What if you could find someone who could help you manage the premium tax compliance function, while still giving you total control over it? Now you can. Deloitte can help.

Tax cosourcing services for premium tax compliance

We offer efficient cosourcing services at reasonable fees to help insurers address their premium tax compliance requirements. Cosourcing is Deloitte's approach to tax outsourcing in which we work closely with you in a highly collaborative and flexible manner. In a matter of weeks, we can help you manage your premium tax compliance function, applying our experience, skills, technology, and resources.

For more than five years, we have been a major provider of tax cosourcing services to insurance companies to help them address premium tax compliance requirements. We offer:

- **Upfront analyses for cost-savings opportunities** — Our upfront refund review often reveals potential opportunities for tax refunds, other tax savings, and operational cost reductions.
- **Efficiencies** — Our approach combines offshore and onshore resources to provide efficient and cost-effective premium tax return preparation.
- **Experience in smoothly transitioning the premium tax compliance function to Deloitte** — We can make the transition with minimal disruption in a matter of weeks.
- **A flexible, collaborative, transparent, and responsive cosourcing model** — One size doesn't fit all, so we tailor our services to your circumstances and objectives.
- **Stable and innovative technology** — We calculate returns in CORPTAX[®] Insurance software, used by corporate tax departments for more than 30 years. In addition, you have access to Deloitte OnLine[™], our Web-based communications and collaboration tool. With

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Deloitte OnLine™, you receive email alerts letting you know within minutes when your returns are ready for review.

- **Timely and consistent filings** — We have deep experience in all 50 states, most municipalities, and many unusual situations, such as Kentucky's quarterly city taxes.
- **Value-added support** — We help you complete tax and audit notices from state insurance regulators, as well as the verification and amortization of available Guaranty Fund credits in accordance with state laws.
- **Customized reports** — We can provide informative management reports to support your planning and assessment decisions.
- **Scenario planning** — You have access to our tax planning tools to calculate various scenarios to help pursue cost-savings opportunities for premium taxes.

The Deloitte difference

Our Premium Tax Cosourcing practice is an integral part of Deloitte's national Insurance Tax practice. Our integrated approach brings added value to our clients, including the following strengths:

- A solid and sustained track record in tax advisory services to the insurance industry.
- A national team of insurance industry veterans dedicated to our insurance clients.
- The deep resources of one of the largest tax practices in the United States.
- Tax services that run from general compliance support to tax technical niche services.
- Access to the specialized and extensive tax resources of Deloitte.

We also bring together highly experienced resources from Deloitte's national Tax Management Services practice and other relevant areas to address your special requirements. We marshal our resources under a single point of contact for your convenience and apply them when and where you need them. See the following page for an example of how our Tax Management Services helped a large

insurance company address tax resource shortages and the need for a flexible alternative to tapping specialized tax experience.

Working with you on a cosourcing basis, we can help your tax function, both domestic and global, be a high-value contributor to your enterprise – the hallmark of the tax department of the future. The objective is to help you achieve a streamlined, transparent, and efficient tax function – one that can handle compliance and planning issues while expanding its strategic support to the broader business enterprise. A tax cosourcing arrangement with Deloitte gives you access to:

- **Insight** – Many of our tax professionals formerly worked for federal, state, or local regulatory agencies, and provide experienced perspectives on the requirements of various tax jurisdictions and their requirements.
- **Objectivity** – We work closely with you to understand your organization's culture and business objectives and adapt our resources to them.
- **Client focus** – One of our team members, either a life or property and casualty specialist, is dedicated to serving your needs year-round, not merely during the three months of premium tax season.
- **Extended resources** – We team with the national Tax Cosourcing group within national Deloitte's Tax Management Services practice to tap more than 220 professionals dedicated to tax compliance. This group's methodology and technology-based services are designed to help address many aspects of the corporate tax process, including cash tax management and management reporting.
- **Management and process improvements** – We also team with our national Tax Management Services group to provide a broad range of services to support your tax function and operations. This group includes specialists in the insurance industry and insurance tax, organizational change, and technology to help insurers' corporate tax function address such issues as tax planning and operations, tax risk management, tax data and information management, tax technology, and organization and resources.

- **Income tax return cosourcing** – We also team with Deloitte’s national Insurance Tax practice to provide income tax return cosourcing services. We currently prepare more than 1,000 state and federal income tax returns annually, leveraging a dedicated group of insurance tax professionals in the United States and Hyderabad, India. Our insurance tax professionals are subject matter specialists in insurance and are supported by Deloitte’s Washington National Tax Office.

Learn more about the many benefits you can gain through the tax cosourcing services designed especially for insurance companies to manage premium tax compliance requirements.

Putting our Tax Management Services at work for a large insurance company

A global company with significant insurance and financial services businesses needed additional resources for tax compliance, the tax provision, and new tax issues presented by business transactions. At the same time, it wanted to achieve an appropriate mix between internal and external resources and remain flexible to changing business conditions. The company also was planning an ERP implementation and wanted to address tax needs, including better access to data and tax compliance efficiencies.

Deloitte, through a cosourcing arrangement, provided the company with the resources and the flexibility it sought. Our professionals brought experience in both technical tax matters — to support the company’s tax compliance and planning issues — and tax systems — to enable the tax function to have a role in the ERP implementation. The company can scale tax resources up or down as needed and access special tax skills for new business developments and tax technology issues.

The company selected Deloitte because of our demonstrated experience in cosourcing and the combination of skills brought by our professionals, which included experience in federal, state, international, and transactional tax issues; employee benefits; tax controversies; tax technology, including ERP implementations; and the insurance and financial services industries. The company also valued Deloitte’s flexible and collaborative approach to cosourcing and willingness to work with the company’s processes and enhance them vs. imposing a particular methodology.

We provided the company the experienced tax resources it sought for the quarterly and annual tax provision and tax footnotes for the financial statements, as well as tax consulting for potential transactions and other special tax needs. In addition, we helped develop the blueprint to sensitize the company’s accounting systems to address tax department needs, and we supported the ERP implementation team in exploring opportunities for efficiencies in the tax compliance area. We also assisted the company in reviewing various software options to integrate the tax compliance process with the tax provision.

Using Deloitte Online™, our tool to manage cosourcing engagements, we kept the company informed of key dates, project status, and deliverables.

The cosourcing arrangement with Deloitte enabled the company and its tax department to address an increasing level of tax matters, including a number of complex ones, while relieving the company from having to expand its tax department to address immediate needs. The flexibility of the arrangement allowed the company to access specialized tax resources for particular matters as needed, including transactions, controversies, and an ERP implementation. At the same time, the arrangement provided the company the broad tax experience required for tax compliance and planning as well as various tax tools. Meanwhile, the company enjoyed the flexibility of the cosourcing arrangement and the ability to balance internal and external tax resources according to its business needs.