



Tax transforms, business wins: An industry perspective

Enhancing the tax function makes an impact at leading insurance and health plans organizations

The call for tax department transformation

In our work with clients across industries and around the world, we see first-hand that CFOs and other stakeholders are asking tax executives to raise their game and proactively partner with the broader business. Increasingly, these leaders are looking for transformation of the tax function to add more value to the organization.

Indeed, pressure is mounting for tax departments in all industries to expand in scope and impact as their organizations grapple with increasing competition, globalization, and technologies in the midst of stricter and more aligned regulations. In addition to the traditional responsibilities of tax planning, reporting, and management, tax executives face urgent expectations to mitigate risk and lead decision-making across the organization.

Responding to the emerging demands involves a shift in *how*—not necessarily *what*—work is performed. It requires enhancement of tax responsibilities in line with overarching business strategies. Transformation can elevate the capabilities and performance of

the tax department in ways that incremental change cannot. It can increase the tax department's value to the organization by:

Enhancing operational efficiency—Freeing up personnel to perform value-added tax planning activities with increased compliance and reporting efficiency driven by technology and process standardization.

Improving risk management—Increasing transparency and formalizing risk procedures that can help effectively address financial statement and audit risk.

Increasing strategic and business alignment—Becoming a value-added tax function that is aligned with the organization's strategies and partners closely with business units.

Deloitte has worked with a number of insurance and health plans organizations to gain perspective, plan for change, and start their tax department transformation journeys. Let's take a closer look at the issues the tax departments of these companies face, and how they are heeding the call to transform.

Tax department transformation in insurance and health plans

In our tax work with leading insurance and health plans companies, our clients note some key issues that are keeping them up at night:

Increased industry consolidation, challenges, and uncertainty related to health care reform

Integrating finance and tax technologies

Storing, maintaining, and utilizing the breadth of data that comes through the tax department, an insurance organization's largest consumer of data—and managing the associated responsibility and risk

Understanding and complying with statutory and regulatory changes

Higher external and internal reporting requirements compromised by manually-intensive data gathering efforts

Organizational mandates for tax functions to do more with less

In response to these many drivers of change, insurance and health plans tax departments are looking for solutions that address their challenges in four key areas, which we call Deloitte Transformation Enablers:



People

Deploy people to more value-added activities.



Process, technology, and data

Make better use of their data by leveraging new technologies.



Operating model

Simplify processes and policies, streamline their operating models.



Risk and policy

Manage risk.

Using this framework, Deloitte helps clients critically analyze the need for transformation and create the necessary changes. Here are just two examples of how Deloitte is delivering value to insurance and health plans clients by tackling their complex issues and assisting them in the deployment of solutions:

Business driver: Finance transformation leads to tax transformation

Value delivered: Developed studies to capture significant savings, covering the costs of the finance and tax transformations

Solution: Process and technology improvements, people analysis, operating model shift to co-source certain activities

A major life insurance company recently undertook an enterprise-wide finance transformation to increase operational efficiencies and improve finance leadership's ability to shape company strategy.

Deloitte assisted the client in this important effort, which included the tax function. We helped the client automate processes, analyze people's capabilities to improve team effectiveness, accelerate reporting and compliance times, and move routine tasks to outside vendors to reduce costs.

As part of project outcomes, we delivered studies that identified significant savings to the company from tax transformation alone—equivalent to much of the total cost of both transformation projects.

Business driver: Company growth requires strategic approach to tax

Value delivered: Improved tax data and operations led to significant cost savings

Solution: Tax department enhancement

As a leading insurance company in the US experienced rapid growth, its leaders wanted to examine the tax consequences of its operations more closely and strategically. The client engaged Deloitte first to streamline and enhance tax department operations, which led to more opportunity for greater benefits through tax transformation.

Beginning with a tax validation project, Deloitte is now working with the client on designing its data, processes, team structures, and technology for better performance. As part of that engagement, Deloitte helped the company improve data quality and data management, leading to insights to facilitate significant tax advantages and cost savings.

Leading the future of the tax

Overall, we see an increase in the number of insurance and health plans companies exploring tax department transformation—they are looking for more usable data, mitigated risk, and to redeploy people to focus on value-added activities. Deloitte's Tax Department Transformation practitioners help clients start with a solid plan, analyzing tax department performance, and providing perspectives for the journey and an actionable roadmap for change. For more information or to contact Deloitte, visit:

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