



INSURANCE INSIGHTS

Please feel free to share SB Insurance Insights with others in your organization. If you would like to be added to the mailing list, removed from the mailing list, or respond with feedback, ideas, or suggestions, please send an "SB Insurance Insights" email to Carrie Breunig at cbreunig@strohmballweg.com.

For a complete list of Strohm Ballweg services, visit: [Strohm Ballweg Service Options](#)

SB Employee News



Strohm Ballweg is thrilled to announce that Mario Prcic will become a partner in our firm on January 1, 2027. Mario is a CPA and CPCU, with 10 years of experience in public accounting, specializing in serving insurance companies. Congratulations Mario on this well-deserved achievement!



SB Partners: (L-R) Derek Salzwedel, Cheryl Bossingham, Heather Hafeman, Mario Prcic, Tom Dawson, Jacob Salzmman, Val Schroeder

October 2026

www.strohmballweg.com

9701 Brader Way, Suite 301

Middletown, WI 53562

608-821-0600



INSURANCE INSIGHTS

SB Employee News



Kailee Meeker joined us in August as a full-time staff accountant.
Welcome Kailee!



Taylor Endres started in June as a Director of Underwriting for Municipal Property Insurance Company!

Promotions!



Collin Zander,
Senior Accountant



Evan Oppermann,
Manager



Hannah Westhoff,
Manager

INSURANCE INSIGHTS

SB Employee News



SB Alumni Take on Topgolf!

Our recent Topgolf gathering brought together employees from throughout the years for an evening of fun, laughter, and reconnecting. It was wonderful to see so many familiar faces and celebrate the lasting connections built at SB. Thanks to everyone who joined us!



Sale-Leaseback arrangements under SSAP No. 22

Earlier this year the NAIC adopted revisions to SSAP No. 22 to clarify that sale-leasebacks with restrictions on access to the cash or assets received from the sale do not qualify for sale-leaseback accounting and must be accounted for by the seller using the financing method. Make sure that you've reviewed any of your agreements and are in compliance with this guidance, which applies retroactively to all agreements in place.

NAIC Ref #2025-01

Tax Circle of Life

Oftentimes, tax is a secondary consideration. Sure, there are quarterly and annual requirements around taxes. But does tax have a seat at the table when key decisions are being made? Even if they are, is the tax team (internal or external) ready to respond?

A quick look at the calendar illustrates how often during the year tax skills are called upon to assist. The more engaged they are in strategy and planning, the more likely they can leverage their knowledge to benefit your company.

Results for the calendar year start taking shape and the tax provision process commences. The result will often come as a surprise (foreshadowing). Perhaps the current tax expense is larger than expected and a significant reduction in statutory income results. Or, the current tax provision meets our expectations, but the admitted deferred tax asset is significantly lower than the present balance, resulting in a material reduction in statutory surplus.

It is possible that neither of these events occur. The current tax expense may be lower than expected or surplus may be enhanced by a larger admitted tax asset. However, those unexpected gains seldom are accompanied by a pat on the back. But surprises in the form of higher expenses and surplus reductions may generate a swift kick in the backside.

INSURANCE INSIGHTS

The mindset of “no surprises” means that taxes should be constantly top of mind and not pushed aside until year-end. We offer you an annotated calendar chock full of tax reminders - the Tax Circle of Life. Granted, it is not like Mufasa was a CPA espousing the cyclical nature of tax planning to his first-year staff, Simba, while Scar (the IRS agent) lurks in the shadows. But it may help you avoid those little (or big) surprises that no one likes to explain to the CFO.

January and February

This is starting at the end of the process. The current income tax provision is calculated by combining pre-tax statutory income or loss with permanent and temporary differences. The resulting estimate of taxable income is then multiplied by the current federal tax rate in arriving at the tentative current tax. Credits that can reduce that expense are then considered and any prior year over or under accrual is added to the current year's expense. Any losses are evaluated for carryback potential; if no carrybacks are available, the losses are considered carryforwards and are evaluated as components of the deferred tax inventory.

The current tax provision is reduced by any prior year carryovers and estimated taxes and the resulting federal income tax receivable or payable is evaluated for reasonableness.

Temporary differences and carryforwards are multiplied by the tax rate, resulting in a tentative deferred tax asset or liability. This includes not only items that are part of the current tax provision but also includes surplus items like unrealized gains/losses and the tax effect of nonadmitted assets (like receivables more than 90 days past due and certain fixed assets). Deferred tax assets are then evaluated for admissibility under the three-part test of SSAP 101.

March - April

This period is devoted to the calculation of any extension payments (assuming an extension is filed), calculation of the first quarter estimated tax deposit for the current year, and the first quarter tax provision. The estimated tax and first quarter provision calculations may not be the same as the requirements vary somewhat; however, the fundamentals are consistent. Most of the effort on the tax provision side will be focused on current taxes. The deferred tax calculation will likely not be a detailed calculation and will focus more on any large swings in deferred tax balances and understanding their potential impacts on admissibility.

May - June

The audited financial statements for the prior year are generally due June 1. You will likely spend a considerable amount of time explaining your annual statement provision to the audit team. The middle of June is the time for the second quarter estimates tax deposit.



INSURANCE INSIGHTS

July - August

Sure, you should be sunning yourself on a beach off 30A, but a portion of your summer might be spent on taxes. The second quarter filing is due in August. This will likely mean your July, and early August, will include efforts around the tax provision. Most companies will begin tax return preparation during this time as well.

September - October

The extended tax return will be due in mid-October. You may have state income tax return requirements as well. The tax return preparation process heats up in September.

November - December

This may be the most critical period of time in the tax process. The prior year tax return has been filed and the return-to-provision adjustment can be made to true-up the current tax accounts. Further, certain deferred tax balances may also need to be trued-up based upon the tax return results. We cannot emphasize enough the importance of truing-up deferred tax balances after tax return filing to put the prior year to bed and clear the path for current year-end. The third quarter filing is also due in mid-November. This will likely give management a pretty good idea where the year is headed. That will help inform the tax team to anticipate any impact of tax losses, determine if any of the SSAP 101 limitations on deferred tax asset admissibility will be triggered, etc.

This is just a tax skeleton, representing the basics of a solid tax function. Consider monthly tax meetings with the CFO or Controller as fleshing-out the skeleton (this is becoming morbid), ensuring that the tax effects of any transactions or strategic plans are considered and evaluated for their tax effects.

We realize this information would be more impactful if it were narrated by James Earl Jones. As always, we are available to discuss your tax processes with you and make recommendations as appropriate.

Tom Wheeland, CPA, JD