

TD 95/40 - Income tax: is the premium payable on a trauma insurance policy, sold with a life assurance policy rider, assessable income of a life assurance company?

⚠ This cover sheet is provided for information only. It does not form part of *TD 95/40 - Income tax: is the premium payable on a trauma insurance policy, sold with a life assurance policy rider, assessable income of a life assurance company?*

⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *18 August 1999*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

[Note: This is a consolidated version of this document. Refer to the Tax Office Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]

Taxation Determination

Income tax: is the premium payable on a trauma insurance policy, sold with a life assurance policy rider, assessable income of a life assurance company?

1. Yes. The premium payable on the trauma insurance policy sold by a life assurance company constitutes assessable income of the life company. As a trauma insurance policy is an accident and disability policy (see Taxation Determination TD 95/39), the decision in *National Mutual Life Association of Australasia Ltd. v. FC of T* (1959) 102 CLR 29 applies to treat the premiums as assessable income of the company.
2. The premium payable by the insured for the trauma insurance cover can, in all circumstances, be separately calculated from the premium payable for the life assurance cover.
3. If it were the case that the premium for the trauma insurance and the premium for the life assurance could not be separately calculated, then the whole of the premium is assessable income of the life company: see *National Mutual* case *supra* per Windeyer J at 50.

Note: the Addendum to this Determination that issued on 18 August 1999 applies in relation to the 1997-98 or a later income year.

Commissioner of Taxation

9 August 1995

FOI INDEX DETAIL: Reference No. I 1014453

Previously issued as Draft TD 94/D50

Related Determinations: TD 95/39; TD 95/41; TD 95/42; TD 95/43

Related Rulings:

Subject Ref: accident and disability insurance policies; life assurance companies; trauma insurance policies

Legislative Ref: ITAA 1997 6-5

Case Ref: *National Mutual Life Association of Australasia Ltd v. FC of T* (1959) 102 CLR 29

ATO Ref: Insurance Industry Cell; NAT 95/5952-3