

What is meant by the term subrogation -

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⚠ This publication is extracted from the Insurance Industry Partnership - issues register. See issue 2 of that register. This publication should be read in conjunction with the related content of that register where further context is required.

⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *17 July 2020*



Insurance Industry Partnership

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What is meant by the term subrogation

Issue

1. What is covered by the term subrogation as used in Division 78? Does it include all recoveries?

ATO view

2. Subrogation is limited to the circumstances where the insurer has taken over the rights of the policy holder in accordance with the terms of the contract of insurance between the insurer and the policy holder. The situation covered by Division 78 is where the insurer receives funds from an entity that is not party to the contract of insurance when the insurer is exercising rights the insured would otherwise be exercising if it had not handed those rights to the insurer.

3. For a greater understanding of what is covered by the term subrogation, including the goods and services tax (GST) treatment of specific insurance recoveries, phone us on **13 28 66**.