

20(1)(e.2) premiums on life insurance used as collateral

-- such portion of the lesser of

(i) the premiums payable by the taxpayer under a life insurance policy (other than an annuity contract) in respect of the year, where

(A) an interest in the policy is assigned to a restricted financial institution in the course of a borrowing from the institution,

(B) the interest payable in respect of the borrowing is or would, but for subsections 18(2) and (3.1) and sections 21 and 28, be deductible in computing the taxpayer's income for the year, and

(C) the assignment referred to in clause (A) is required by the institution as collateral for the borrowing

and

(ii) the net cost of pure insurance in respect of the year, as determined in accordance with the regulations, in respect of the interest in the policy referred to in clause (i)(A), as can reasonably be considered to relate to the amount owing from time to time during the year by the taxpayer to the institution under the borrowing;

Text from paragraph 20(1)(e.2) of the Income Tax Act, RSC 1985, c. 1 (5th Supplement), as amended.