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THE BUSINESS
INSURANCE BROKERS



A simple guide to
contractor insurance

Business insurance for contractors is designed to protect you against the potential risks that you are exposed to in your professional roles, from making a mistake in work that is alleged to cause your client to lose money, to personal injury claims from third parties visiting your premises, and to potentially losing revenue due to jury service or other unforeseen circumstance.

If an insurance claim is made against you and you are not covered, you could be left with a hefty bill for legal fees and even compensation payments that you would have to pay out of your own pocket.

The following guide is designed to help you understand how each insurance policy can help you.

► Contractor professional indemnity insurance (PI)

Professional indemnity insurance is possibly the single most important business insurance protection for contractors, and provides cover against mistakes made when you provide professional services, design or advice to your clients which are alleged to have caused your client a financial loss.

How can professional indemnity insurance (PI) help contractors?

PI can provide cover for you when a client claims your professional services and/or advice did not meet the expected and agreed standard. As a result the client alleges that your alleged sub-standard services cost them losing money, and they make a claim against you.

This scenario is relevant to IT contractors, construction contractors, surveyors, architects, marketers and designers. Professional indemnity insurance will cover you in this instance for your legal costs incurred in defending the claim, such as: court costs, solicitors costs, and potentially the cost of any compensation awarded the client.

PI insurance is typically stipulated as a mandatory requirement of contracts, and because of this you could say that carrying professional indemnity insurance helps you to win contracts!

Ideal for: Professionals providing business services such as advice and/or designs, including: IT contractors, designers, marketers, business consultants.



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Tel: 0333 321 1403 for competitive freelance P.I. quote

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► Public Liability Insurance (PL)

PL insurance will provide cover if something you do causes damage, or injury to a client or a member of the public.

An example of how PL insurance can help:

As a contractor you could be working at a client's premises and spill a drink on a computer resulting in them pursuing compensation for any repair costs incurred. If you are an IT contractor or IT consultant, you could be responsible for upgrading a server and damage it during the course of your duties.

Alternatively, a co-worker could trip over your laptop cable resulting in an injury which causes them to take time off work. In this instance, your co-worker could claim against you for their lost income. This example highlights how easy it can be to end-up on the wrong end of a claim for an accidental occurrence. Public Liability insurance is commonly stipulated as a requirement of contracts, whether you work on-site or work remotely to provide contract services to your client.

At Caunce O'Hara, Public Liability insurance is offered as part of our Business Combined liabilities insurance policy, which includes Employers' Liability cover and general contents cover. The policy also offers optional cover for portable equipment, manual work and offshore work.

Ideal for: Professionals who have contact with the general public, including: IT contractors, designers, marketers, business consultants.



Helping contractors
thrive through insurance

► Employers' Liability Insurance (EL)

EL insurance will provide cover for the costs incurred in defending or settling a claim against you from an employee who has suffered injury or disease as a result of the work they do for you.

The policy will enable you to meet the cost of compensation for your employees' injuries or disease. Cover can include medical costs, legal costs, and loss of income, as well as any other damages.

How can Employers' Liability insurance help contractors?

Contractors can be companies with employees as well as being independent and self-employed contract professionals. To this end, if you are a contractor company who employs contractors, then you will be required by law to carry Employers' Liability insurance under the Employers Liability Act (1969) with a minimum level of cover of £5,000,000.

Examples of when EL insurance can help include:

- An employee, who hasn't received the correct training or hasn't completed their training, falls from a ladder injuring themselves and requires time of work.
- An employee working on a production line for hours without a break could suffer a repetitive strain injury as a result of their work.
- A former employee shows illness symptoms that have been caused as a result of the work they performed for your business, this may also be covered.

You should check your policy documents carefully to confirm what exactly is covered and what the exclusions are.

Ideal for: Employers.



► Legal Expenses Insurance (LEI)

Legal Expenses insurance will provide up to £1000,000 of cover (in any one claim) for a broad range of instances where legal costs might be incurred, including employment disputes, identity theft, and criminal defence¹.

The policy is particularly relevant to contractors for a variety of reasons including:

- The policy will provide cover for the costs incurred by tax enquiries (particularly relevant for IR35) which includes aspect enquiries; full enquiries; National Insurance and PAYE disputes; tax year enquiries; and VAT disputes.
- Contract disputes, which can unfortunately occur and cause contractors a lot of stress and in some cases loss of revenue.
- Court attendance costs, which the policy will cover if you are called upon for jury service or as a witness. If court attendance is prolonged, then as a self-employed contractor you could find yourself out of pocket if you have no way of claiming back your lost revenue.

Ideal for: Self-employed professionals and business owners, and contractors concerned about IR35.



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► Personal Accident Insurance

Personal accident insurance can be a vital type of cover for contractors who work in potentially hazardous environments, such as offshore energy contractors, construction contractors, and engineers.

How can personal accident cover help?

The policy can provide cover for a variety of instances in which a contractor might be forced to take time off work due to injury or illness, and can pay out to cover for loss of earnings and for surgery that may be required for broken bones, and/or cosmetic repairs and dental repairs.

In the event of a fatality, the policy will provide cover for funeral expenses, and will also provide cover for home alteration benefit in the event that an injury sustained requires the insured's home to be altered¹.

Optional travel insurance cover

The policy offers travel insurance as an extension for either a) business travel only, or b) business and holiday travel. If you travel regularly as part of your profession, such as a journalist or an offshore contractor might do, then this extension could be the answer¹.

The travel extension will provide cover for medical and additional expenses; cancellation; journey continuation; delay; hospital benefit; personal baggage; tools; money; and for delayed baggage. This can help alleviate the stress of arriving at your destination without your belongings and potentially short of money.

Ideal for: Contractors who work in hazardous environments including: engineers, offshore energy contractors, construction contractors.

► Portable Equipment Insurance

If you are a contractor who operates a PSC through your own limited company then your home contents insurance might not cover you for the loss, theft or damage of your portable devices in the course of your work.

You should check this carefully in your policy documents, and if you are not covered, then our portable equipment insurance could be the answer.

Provided as part of our Business Combined liabilities insurance, portable equipment cover starts at £1,000 and increases up to £5,000 of cover for items such as mobile phones, laptops, digital cameras, projectors, printers, video cameras and more! ¹

How portable equipment insurance can help

Freelancers and contractors can benefit from this type of cover if they are unfortunate in having their laptop or other equipment stolen or accidentally damaged. This can be extremely stressful as many freelancers, and some contractors, will run their whole life and business on their mobile phone and laptop.

Some self-employed professionals rely heavily on their portable equipment and would really struggle without it, such as journalists and freelance photographers. The cost of replacing laptops, digital cameras and video cameras can run into thousands of pounds, so it is prudent to ensure your portable equipment is covered.

For overseas contractors and offshore contractors, the policy can be specified to cover the UK, Europe or Worldwide.

Ideal for: Professionals who work on the move including: photographers, videographers, journalists, copywriters, IT contractors and IT consultants, and offshore energy contractors.



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► Manual work extension

Not an insurance policy, but an extension to the Business Combined liabilities policy offering the option of a manual work extension, which can be particularly useful to construction contractors among others.

The manual work extension covers the physical activity of using your hands or tools for your profession, but which does not account for more than 20% of your income¹.

Ideal for: Contractors whose work is up to 20% manual.



► Offshore work extension

The Business Combined liabilities insurance policy also offers the option of an offshore work extension.

The offshore work extension is of benefit to energy contractors, especially those working on oil rigs and provides cover from the point of departure to an offshore rig platform or support vessel until the contractor disembarks onto land upon their return from an offshore oil rig or support vessel².

Ideal for: Offshore energy contractors.

All of these types of insurance indicate what benefits they offer to self-employed professionals and contractors, but are only indicative of the depth of cover provided. For full information please read the policy documents carefully to ensure they provide the cover you require.

Sources:

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1. <https://quotes.caunceohara.co.uk/quote/master>
2. <https://quotes.energycontractors.co.uk/quote/policies>

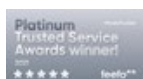
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