

A Guide to Contractor Insurance



PROTECT YOUR BUSINESS

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Protecting your business has never been more important

Insurance might not be top of your list in the day-to-day running of your business. Yet business, like life, can be unpredictable – so it's important to make sure you've got the right level of cover, just in case.

This guide gives you a quick overview of why you need insurance for your business, the different types of insurance available, and the services we offer to keep your business protected.

If you'd like to know more, just get in touch and our experienced advisors will be happy to talk you through the right insurance for your business.

Chris Caunce
Founder and Director, Caunce O'Hara





Contractor Insurance

Why bother?

You probably chose to be a contractor or freelancer for the freedom it brings.

As your own boss, you work your own hours and are responsible for your own success. Yet this freedom also has more risks than an ordinary 9 to 5 role, and sometimes things go wrong.

The right insurance for you

Without the safety net of an employer, you can be held liable for accidents and mistakes that harm you, your business or third parties. You might not be able to work after an accident, or could suffer from theft of equipment that's not covered by your household policy.

So it's crucial that you're covered, with wide-ranging insurance cover which has been specifically designed to protect you and your business; it might even be a requirement of the contracts you sign.

This guide gives you an overview of the common types of insurance you should consider, to help you run your business worry-free.



Contractor insurance lets you;

- Protect yourself and your business against uncertainty
- Meet client contract conditions
- Show customers you're serious when pitching for work
- Comply with legal requirements
- Demonstrate contractor status in IR35 queries
- Get cover for past work
- Deduct costs as a business expense

TYPES OF INSURANCE FOR CONTRACTORS

There are some types of insurance we all need in business, and others that you can pick and choose depending on what you do.





Professional indemnity insurance

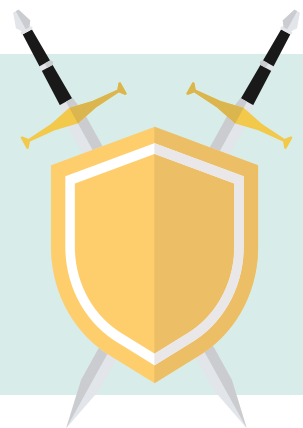
Protection against professional negligence

No matter how professional, experienced and cautious you are, your clients could make a claim for compensation against you if they think you've made a mistake that's caused them financial loss or damage.

A professional indemnity insurance policy can help you cover the legal costs and fees in the event your business is sued by a client.

Protection against:

- Breach of professional duty, like giving the wrong advice or making a mistake.
- Loss or damage to documents and the cost of replacing them.
- Unintentional breach of confidentiality or IP rights.
- Libel or slander through written or spoken materials you've produced.



Claim example:

Fixing a mistake

You make a miscalculation while designing a building, which makes it structurally unsound. Facing a costly professional negligence claim from your client, your professional indemnity insurance covers your legal bill and the cost of making good the building.

Lost data, saved business

You accidentally delete data when installing a new server for a client, and face substantial costs in a negligence case. With professional indemnity insurance, the potentially ruinous cost of the investigation and reinstating the data is covered.



Public liability insurance

Protection against third-party injury or property damage

If you're regularly visiting clients and working at their sites, or have visitors to your place of work, then public liability insurance is really important. It covers you for legal fees and damages if you or one of your employees injures a third party, or damages your customers' property.

Even if it's not a legal or contractual requirement, it makes sure you're protected whenever and wherever you're working.

Protection against:

- Injury to third parties by you or your employees.
- Damage to third party property.



Claim example:

Recovering from injury

While you're carrying out a repair at a client's site, a member of the public accidentally trips over your toolbox and breaks their wrist. Your public liability policy covers the legal defence costs and compensation payments to the injured person.

Limiting damage

Working in a small space to wire up a new server, you accidentally damage some surrounding equipment. Your policy covers the legal defence fees for the claim, plus the cost of repairing and replacing the equipment.



Employer's liability insurance

Protection against death or injury to employees

A legal requirement for all businesses that employ one or more people – even if that's just you and your spouse. In fact, in the eyes of the law, you could be liable for a fine of up to £2,500 for each day you don't have adequate cover.

Freelance contractors often won't legally need this insurance, but you may find your clients demand it.

Protection against:

- Death or injury to your employees.
- Legal costs and expenses.



Claim example:

Safely covered

One of your employees was injured after a health and safety oversight and decides to sue you. Your employer's liability policy covers both the legal costs associated with the claim and the compensation awarded to the employee.



Personal accident and sickness insurance

Protection against illness and injury that stops you working

When it's your own business, it's vital that you're there to run it, day in, day out – especially if you're the only employee. So if you get injured or too ill to work, it can quickly cause you financial difficulties.

Personal accident and sickness insurance pays you an average of your weekly earnings while you recover. Or in the worst case, it pays you or your family a lump sum for permanent disability or death.

Protection against:

- Sickness and injury, both at work and outside it.
- Death or permanent injury, with a lump sum.



Claim example:

Aiding recovery

You break your leg while playing football at the weekend. Unable to complete your existing project or take on more work, you can claim personal accident benefit during your recovery, to pay your household bills and avoid getting into debt.



Director's and officer's insurance

Protects you personally against investigations and law-breaking

As a freelancer or contractor – even if you operate as a limited company – you can be held personally responsible for your, or your company's, good behaviour and lawfulness.

Director's and officer's insurance pays your legal defence and compensation costs for claims against your business by creditors, employees, customers or regulatory bodies like HMRC.

Protection against:

- Claims against you personally for the way your business operates.
- The cost of investigations by bodies such as HMRC.



Claim example:

Costs covered

After you dismiss an employee for gross misconduct, they make a claim of sexual discrimination. You're liable as an officer of the company, but your legal defence costs and eventual settlement are covered by your insurance.

Personal protection

As a project manager contracting for a timber manufacturer, you fail to respond to a notice from the Health and Safety Executive demanding dust emissions are controlled. Your insurance covered his legal defence costs, for which you'd otherwise be personally liable.



Legal expenses insurance

Protection against legal disputes

With multiple contracts, agreements and ways of working as a freelancer or contractor across a number of different clients, there's a higher likelihood you'll face a disagreement at some point.

If that leads to legal action over things like employment and contract disputes, legal expenses insurance will cover your costs.

Protection against:

- The cost of defending yourself in legal disputes and investigations.
- Legal costs if you need to sue a client for breach of contract.



Claim example:

Payment settled

After completing a complex project management contract, your client doesn't pay your invoice. Your policy covers the legal fees to bring an action for breach of contract and to recover the money owed.



IR35 and tax protection insurance

Protection against expensive tax investigations

An IR35 investigation by HMRC can look back as far as six years into your company accounts. Even if you've done nothing wrong, it's often a long, complex and expensive process, and you may need expert representation to defend yourself.

The security of an IR35 and tax protection policy covers the costs of representing you and your business if you face an investigation, and any back taxes you may owe.

Protection against:

- Your legal representation costs during an IR35 investigation.
- The cost of any back taxes you're liable for.



Claim example:

Taxing times

Even though you are fully compliant, you face substantial costs defending your small limited company during an IR35 investigation by HMRC. Your IR35 insurance policy covers the cost of expert fees and providing the necessary information.



Office contents insurance

Protection against damage, loss or theft of your business equipment

As a freelancer or contractor, you rely heavily on your equipment. Being without it can cause substantial problems, so all risks cover protects you both at home and when you're out and about.

Covering mobile phones, laptops and other portable electronic equipment, it gives you the peace of mind that your vital business equipment is protected.

Protection against:

- Loss or damage to your business equipment.
- Theft from your home office, or while out and about.



Claim example:

Well-equipped

After your work laptop is stolen from the boot of your car while on site, your policy allows you to choose between a replacement laptop or a cash settlement.

Back in business

Computer and electronic equipment worth £2,500 worth is burgled from your home office, and not covered under your household insurance policy. Your limited company's office contents cover replaces the stolen equipment.



iContract in association with Caunce O'Hara

Protecting you, protecting your business

Why Caunce O'Hara?

Since 1995, Caunce O'Hara have been looking after limited company contractors like you. Our flexible, comprehensive insurance lets you get on with your job, knowing you're protected whatever happens.

You can pick and choose from our wide-ranging insurance options to find the right level of cover for your business and to suit your budget. And if you need to make a claim we'll help you get your business back on track as soon as possible.

Benefits:

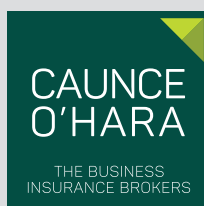
- **Industry Expertise**
Over 20 years of protecting contractors and freelancers, with more than 35,000 customers now trusting us for their cover.
- **Comprehensive coverage**
Tailored policies underwritten by a panel of insurers, including Royal & Sun Alliance (an 'A' rated insurer).
- **Convenience**
Download your documents immediately, to prove your cover is in place before your contract starts.
- **Competitive premiums**
Exclusive, specially-negotiated rates.
- **Instant cover**
Quick 'click and buy' service online.
- **Claims handling**
Hassle-free, fast, friendly and fair.



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