



KINGSBRIDGE
CONTRACTOR INSURANCE

A GUIDE TO CONTRACTOR INSURANCE

kingsbridge.co.uk


01242 808 740

info@kingsbridge.co.uk



**BUSINESS INSURANCE CAN BE
UNNECESSARILY COMPLICATED.
THERE ARE OFTEN TOO MANY
OPTIONS AND NOT ENOUGH
CLARITY. THIS ISN'T THE CASE
WITH KINGSBRIDGE.**

CONTENTS

- 1. Why do I Need Business Insurance?**
 - 3. Professional Indemnity**
 - 4. Public Liability**
 - 5. Employers' Liability**
 - 6. Occupational Personal Accident**
 - 7. Directors' and Officers' Liability**
 - 8. Legal Expenses Insurance**
 - 9. Arranging Cover**
- 

A GUIDE TO INSURANCE FOR CONTRACTORS



In this guide we'll help explain why you need business insurance, talk you through the types of cover you should consider, and provide claims examples to demonstrate how your cover works.

Why do I Need Business Insurance?

No matter your industry, if you work as an independent professional you are providing your client with your services, your experience and your professional advice. If, during the course of your work, you make a mistake or an error that has an effect on your client or their business, then they are well within their rights to make a claim against you.

Having the right insurance in place when a costly claim is made can be the difference between keeping you in business and having to shut your business down. This could also have a negative impact if you want to work as a contractor again in the future.

Even after your contract ends or when your company closes you are still liable for any mistakes you may previously have made. This is because the most common type of insurance, professional indemnity, operates on a claims made basis. Due to this you need to have the relevant insurances in place at all times.

What Does 'Claims Made' Mean?

Cover that is provided when a claim is made, not necessarily when the particular claim event took place.

Do I Have to Hold Business Insurance?

Clients and recruitment agencies will often insist that you have insurance cover before you undertake a contract. It is common to think that your agency will protect you, but unfortunately this isn't the case for the vast majority. Having the right insurance will not only protect you and your business, but ensure you are in line with the terms of your contract.

IR35 Indicator

Purchasing and holding adequate insurance, and professional indemnity insurance in particular, is a key IR35 indicator. As this isn't a requirement for a traditional employee, holding professional indemnity insurance shows a clear distinction between an independent professional and an employee.

It also demonstrates a financial obligation and a responsibility to protect your interests. Therefore having business insurance is a key sign to HMRC that you are operating as a bona fide business.

Types of Cover to Consider

The most common insurances held by contractors and freelance professionals are professional indemnity, public liability and employers' liability. You should also consider taking out occupational personal accident cover, particularly if you have to commute to a client's office or go out on site.

Other types of insurance you may want to take out include directors' and officers' liability to cover your responsibilities as a company director, as well as legal expenses insurance - useful when defending a commercial dispute such as a tax investigation, or when facing issues around employment.

PROFESSIONAL INDEMNITY

Professional indemnity insurance is designed to protect you against claims for negligence (such as making a mistake, or giving bad advice). It also provides cover for loss of documents, loss of data, breaches of intellectual property, defamation and libel.

If you do make a mistake for which you are responsible or are deemed to have been negligent, then professional indemnity insurance will cover compensation that you have to pay as a result, as well as the legal fees you have incurred in the process. It will also cover the cost of fixing a mistake you may have made, which could help you to avoid having a larger claim made against you.

A mistake could end up costing you tens or hundreds of thousands of pounds so it's vitally important to have the right protection in place. An agency will typically ask you to have a minimum of £1,000,000 in professional indemnity cover as standard.

It's worth checking that your professional indemnity policy also includes retroactive cover, which will protect you against any work you did in previous years. Even if you're accused of a mistake and you don't think you were negligent, it's still costly to defend yourself. Professional indemnity insurance provides you with the protection to be able to defend the claim.

Example Claims

You provide incorrect structural drawings, resulting in rectification works having to be undertaken. Professional indemnity covers the costs needed to correct the mistakes and the legal fees incurred.

A laptop that contains key work for a client is stolen from your car. The loss of data causes costly delays to your client's project. Your policy will cover legal defence costs and damages awarded against you.

PUBLIC LIABILITY

As a limited company contractor you have a duty to protect anyone who might be affected by your professional activities, whether you are on your own premises or at a client's site.

Public liability insurance provides cover if someone is injured or third party property is damaged as a result of your actions whilst supplying services. It also covers legal fees that may arise as a consequence of any claims you have to defend.


Having public liability insurance allows you to go about your work safe in the knowledge that you are covered should you cause any accidental damage or injury.

Even if your contract doesn't stipulate that having public liability is a requirement, it's still a very good idea to make sure you hold insurance as you could still be sued.

Example Claims

You leave a bag in a hallway which causes someone to trip and hurt their arm. Your policy covers legal defence costs and compensation paid to the injured party.

You drop a piece of your client's equipment whilst working on site. Your policy covers the legal defence and the cost of replacing the item.




EMPLOYERS' LIABILITY

If you are the sole employee of your limited company and own more than 50% of the issued share capital, then your company is exempt from holding employers' liability. However most contracts are standardised and it is still very likely that your client or agency will require your business to hold employers' liability insurance.

It will also cover you if you have a family member working for your business in a clerical capacity, or if there is a substitution clause in your contract.

What is a Substitution Clause?

If for any reason you are unable to complete a contract, a substitution clause allows the use of a qualified replacement to complete the work.



OCCUPATIONAL PERSONAL ACCIDENT COVER

If you're injured as a result of an occupational accident and are unable to work, then there's a good chance you'll be looking at a significant financial loss.


With personal accident cover, you will be paid a benefit whilst you recuperate, meaning you won't have to worry about those food bills, the mortgage, or any of the other things you might take for granted when you're working and earning money.

Should your accident leave you with a permanent disability, or cause your death, then a lump sum is usually paid out. An occupational accident may include the following: injury while working from your home office, injury on site or at a client's office, or injury while travelling to or from a client's site or your own home office.

As an employee you would be looked after by the company you work for should you have an accident, but it's important to remember that as a contractor you may lose your contract if you cannot work and subsequently, your income.

Example Claim

You have a car accident while driving to your client's office. Your injury means you cannot work for a prolonged period. You can claim a weekly benefit to help cover your costs whilst recovering.



DIRECTORS' AND OFFICERS' LIABILITY


If your business is accused of financial mismanagement, a legislative breach, a health and safety failure, or of breaching company law, then your policy steps in. As the director of your business you can be held personally liable for many reasons. Action can be taken against you by a number of people – a regulator, your end client, the taxman - if they think you haven't been sticking to the rules.

Having directors' and officers' liability provides you with reassurance and a valuable safety net, covering any legal fees that may arise as a consequence of claims you have to defend.

Directors' and officers' liability provides cover for your legal defence costs and will protect your financial assets.

Example Claim

You fail to submit your company's accounts to Companies House and are prosecuted under the Companies Act. In such a scenario you would be covered under directors' and officers' liability insurance.



LEGAL EXPENSES INSURANCE

Legal expenses insurance helps cover costs when your limited company is involved in defending a commercial dispute such as a tax investigation, or when facing issues around employment.


This policy will also pay the costs of pursuing a dispute against a third party.

Cover may include:

- Tax protection (including IR35 protection)
- Contract dispute cover
- Personal injury cover
- Statutory licence appeal cover
- Jury attendance cover
- Debt recovery
- Flexible purchasing options
- 24-hour legal advice helpline

Example Claim

You are called up for jury service and are able to claim compensation for loss of earnings.



ARRANGING COVER

At Kingsbridge Contractor Insurance we highly recommend that you hold business insurance for your limited company at all times.

We provide a comprehensive, competitive package of insurance that's designed to cover the main exposures you face.

Policy Benefits:

- One package, full cover
- Cover for previous work (up to 6 years)
- A price promise guarantee
- No annual commitment
- A policy that complies with the majority of contract terms
- Business insurance that acts as a key IR35 indicator
- A tax deductible business expense
- Legal expenses cover available
- Underwritten by AA insurer Zurich



Orange Genie
Supporting professional contractors
Accountancy

IN PARTNERSHIP WITH ORANGE GENIE ACCOUNTANCY

10% DISCOUNT ON OUR STANDARD PACKAGE
FOR GENIE CONTRACTORS
GENIE.KINGSBRIDGE.CO.UK
01242 808 740

Genie Accountancy is an Introducer Appointed Representative for general insurance purposes only of Kingsbridge Risk Solutions. Kingsbridge Contractor Insurance is a trading name of Kingsbridge Risk Solutions Ltd. Authorised and regulated by the Financial Conduct Authority. Registered in England No. 4122238



KINGSBRIDGE
CONTRACTOR INSURANCE



[Follow us on Twitter](#)



[Like us on Facebook](#)



[Follow us on LinkedIn](#)