



NACCB Independent Contractors' Program FAQs

\$2,000,000 E&O and \$2,000,000 CGL



1. What is the monthly cost of coverage?

The **TOTAL MONTHLY COST** is as follows:

	\$2 Million Liability Limit	\$5 Million Liability Limit
Information Technology (IT):	\$23.00 <i>(Plus provincial tax if applicable)</i>	\$36.00 <i>(Plus provincial tax if applicable)</i>
Accounting / Finance:	\$31.00 <i>(Plus provincial tax if applicable)</i>	\$50.00 <i>(Plus provincial tax if applicable)</i>
Administration / Clerical:	\$23.00 <i>(Plus provincial tax if applicable)</i>	\$36.00 <i>(Plus provincial tax if applicable)</i>
Technical & Engineering:	\$36.00 <i>(Plus provincial tax if applicable)</i>	\$59.00 <i>(Plus provincial tax if applicable)</i>
Management Consultants:	\$23.00 <i>(Plus provincial tax if applicable)</i>	\$36.00 <i>(Plus provincial tax if applicable)</i>

You may register for a minimum of two months to a maximum of twelve months. The above premiums include a \$8.00 per month policy fee. The premium is subject to 8% PST in Ontario, 8% RST in Manitoba or 9% QST in Quebec. Your credit card statement will show full payment at the start of your term to PROLINK.

2. Is the premium tax deductible?

YES. The monthly cost remitted to PROLINK is a fully tax deductible business expense. By securing insurance coverage as an independent contractor you are investing in your business as this coverage reaffirms your independent contractor status with respect to Canada Revenue requirements.

3. Will the NACCB Independent Contractors' (IC) Program protect me for my own consulting work (other clients) which I also do from time to time?

NO. The NACCB Independent Contractors' Program only protects you for **Errors and Omissions** and **Commercial General Liability claims** arising out of the work you do on behalf of your member staffing company. Please contact the number below to discuss options to insure all of your activities.

4. Why are 2 policies involved in the Liability program?

Both the Errors & Omissions ("E&O") and Commercial General Liability ("CGL") policies are required to adequately protect you if you are incorporated or a sole proprietor. The E&O coverage protects, as the name implies, against mistakes which cause financial loss to a third party. CGL coverage is focused on protecting you from claims as a result of Bodily Injury or Property Damage to a third party for whom you are legally liable. It is important to note that both your staffing company and their client are third parties.

5. Why should I purchase coverage through the NACCB Independent Contractors' Program?

Independent contracting provides some of the best employment and career perks imaginable. The independence and variety is unparalleled. However, at the end of the day you are still self-employed and must protect yourself and your family from lawsuits that may arise. Why would you take the risk?

6. Why do I need to purchase insurance now?

You cannot wait to buy insurance until "the barn is burning" and then "opt in". You must enroll before an incident occurs in order to qualify for protection.

7. I have investigated individual protection in the past only to find that the cost is in the \$1,500 - \$2,000 per year range. How can the NACCB policy possibly offer protection at such a low cost?

Two primary reasons: **VOLUME** and **LIMITED COVERAGE**.

VOLUME: This program is the largest single program in Canada providing protection to Independent Contractors placed by **NACCB member staffing agencies**.

LIMITED COVERAGE: The scope of protection is limited to activities you do while under contract with your member staffing company, subject to a **\$15,000,000** policy aggregate.

8. Surely my staffing company has insurance. Why do I need my own coverage?

As an independent contractor working through your member staffing company you are by definition *independent* and thus responsible for your actions. Were it otherwise, you would be an employee. All Independent Contractors should protect themselves.

9. Will the insurance documents be issued in my own company's name?

If you are incorporated, and the sole employee, the insurance documents are issued in the name of your corporation. As an employee of your incorporated company, the coverage automatically extends to you. If you are a sole proprietor (*unincorporated*) the documents will be issued in your name personally.

10. What happens if I am named in a lawsuit (either personally, corporately or both) and I DON'T have this or any coverage?

Without coverage you must rely on your own resources to fund a defense and pay any judgments, which are awarded against you.

11. What happens if I am named in a lawsuit (either personally, corporately or both) and I DO have this coverage?

If either you or your corporation should be named in a lawsuit, notify PROLINK immediately! We will submit the claim to ENCON (*your insurer*), who will professionally orchestrate the response. Experienced litigators familiar with your work will completely handle the process. All legal costs, subject to the policy limits, are indemnified by the policy. If a judgment is settled or awarded then you are responsible to pay the deductible on that portion.

12. What are the deductibles under the policy?

There is a \$1,000 deductible. Note however that this deductible does NOT apply to your defense cost.

13. Does the policy cover legal fees?

All defense costs (*subject to policy limits*) are covered by the policy. ENCON has access to some of the best lawyers in the country.

14. What happens if I leave my staffing company and a claim arises several months later?

The E&O policy will respond to any claims which manifest for **up to 6 months after your coverage has expired**. The CGL policy will respond to incidents for bodily injury and property damage which occurred only during the actual term of coverage.

15. I already have another E&O and CGL policy for which I pay much more money. I am going to cancel that and pick up this much less costly protection.

HOLD ON! Your current policy provides coverage for work which you do/have done for all of your past clients and projects. The NACCB policy is limited to claims arising out of work you do under contract with your member staffing company. It is effective from the day you join and forward. It will not protect you for mistakes which you made before coverage was initiated. Your current policy will protect you in those circumstances. Serious consideration should be made to retain your current policy even though it is costing you considerably more.

