

INDEPENDENT CONTRACTORS

"One who contracts to do work according to his own direction using Independent Employees and without being accountable to his employer, except for the results of his work."

Some of the dominant elements dictating the Independent Contractor distinction are:

- a- A definite price
- b- A set piece of work
- c- Absence of actual or constant supervision
- d- Contractor is in a distinctive business of his own
- e- Contractor furnishes his own equipment
- f- Contractor supplies the skill required in the particular occupation
- g- Contractor makes a profit on the material as well as the labor
- h- Contractor does the same type of job for everyone
- i- Contractor holds himself out to the public as an independent contractor by advertising in paper, yellow pages; etc.
- j- Contractor has a shop or place of business
- k- Contractor has other employees
- l- Contractor has his own insurance coverage
- m- Contractor is clearly distinguishable from a handy man paid by the hour
- n- Social Security and income tax not withheld from contract price

Is a subcontractor required to carry workers' compensation insurance if he/she is a sole proprietor?

Sole proprietors with no employees are not required to carry worker's compensation insurance. However, detailed information must be provided to your insurer to prove that the individual is a true independent contractor, if your insurer determines that the sole proprietor is your employee, you will be charged for his/her payroll as per the appropriate classes on your policy. It is your responsibility to provide your insurer with all appropriate documentation to resolve their employment status.