Workers Compensation Insurance in WA

Are you a Principal engaging Contractors?

For the purposes of this advice, contractor means contractor(s) and/or subcontractor(s). You means you and your business however structured.

When you are a Principal employer with a contractual arrangement with a contractor under which they are to perform work for you that is directly a part of your trade or business, then under the Act, both you and the contractor are considered to be the employers of any workers the contractor may employ.

Step by step explanation

When you are a Principal employer with a contractual arrangement with a contractor under which they are to perform work for you that is directly a part of your trade or business;

- and you cannot show that your contractor who employs their own workers
– holds their own workers compensation policy
– which indemnifies (covers) both the contractor and you as the 'Principal'

- then, under your workers compensation policy
– you are required to declare the remuneration your contractor pays to their workers
– if you don't know the remuneration amount you are required to declare the total contract value
– and pay the premium applicable to either the remuneration amount or the total contract value

- **unless** you can demonstrate that
– the contractor holds their own current and paid workers compensation policy
– and that their policy indemnifies you as the Principal under a *Principal's Indemnity* extension

What you need to do

- ensure the contractor has their own workers compensation policy
- the policy must have a *Principal's Indemnity* extension naming you as the Principal
- the Principal's Indemnity Extension must be for

"*Act Benefits and Common Law with a Waiver of Subrogation against the Principal*"

- the contractor must provide you with a Certificate of Currency from their insurer, and
- the certificate must show you/your business named as the Principal under the extension

This is an ongoing requirement for as long as you are a principal employer with contractual arrangements with contractors. Obtain new certificates of currency at the renewal date of each contractor's policy.

Does WorkCover WA provide advice about Contractors?

Go to their website here and search *contractors* and/or read WorkCover's publication *"Workers compensation insurance for contractors: Explanatory guide and assessment tool"* here.

Have any queries or need further understanding?

Please call us .. we're happy to help.