**MEDIA RELEASE**

**FOR IMMEDIATE RELEASE**

**Independent contractors reminded to review the fine print in their contractor agreements**

*With many Australians foregoing permanent full-time employment in favour of contract work, independent contractors are being reminded to carefully check their contractor agreements before signing them.*

* Australia’s one million independent contractors make up [7.8 per cent](https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release#independent-contractors) of all employed Australians.
* Technicians and trades workers ([15 per cent](https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release#independent-contractors)) and labourers ([11 per cent](https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release#independent-contractors)) have the highest proportions of independent contractors.
* Independent contractors may benefit from business insurance such as Professional Indemnity cover.

With Australians’ work preferences and priorities shifting, many Australians are reconsidering their employment arrangements and choosing to forego full-time permanent employment in favour of becoming independent contractors.

For individuals moving into their first independent contractor role, it’s important to understand the key differences between being an [employee and being an independent contractor](https://www.bizcover.com.au/employee-independent-contractor-differences/), and what they are committing to when they sign a contractor agreement.

“Understanding contractor agreements is critical to succeeding as an independent contractor,” says Jane Mason, Head of Product, Channels & Risk at business insurance comparison website [BizCover](https://www.bizcover.com.au). “Being an independent contractor instead of employed in a permanent full-time role means that there are different obligations, commitments and liabilities that both yourself and the employer need to understand and adhere to.”

**What independent contractors can look for in contractor agreements**

Employer contractor agreements define the scope of the employer-contractor arrangement, including the responsibilities and rights of the contractor. Contractor agreements can be hard to understand for an individual seeking contract employment and reviewing their very first contractor agreement.

So it is worth taking the time to understand what you’re committing to when you sign a contractor agreement. The following are five parts of contractor agreements that independent contractors will benefit from scrutinising before signing on the dotted line.

**Payment terms**

Your contractor agreement should clearly state the agreed payment terms. Double check the renumeration

outlined in the contract – both the actual amount and the timeframe for payment. Raise the issue with the

employer; they may be open to negotiating if you can present a compelling case.

**Termination terms**

The termination terms of the contract should be clearly defined in your contractor agreement. The contract must accurately specify what constitutes a breach of the agreement, and what notice period will be given in the event of a breach.

If necessary, you may discuss terms for when the agreement can be terminated without any notice in the case of severe breaches of the agreement by either party. Your contractor agreement may also specify what must occur upon termination or completion of the contract.

**Role description**

A detailed description of the contractor role, including essential details such as mandatory requirements and key performance indicators. The role description section of a contractor agreement should also include the schedule, as well as any business insurance requirements.

“As the contractor committing to delivering the work to an agreed schedule, it’s important that you are clear on what you are agreeing to,” says Mason. “For example, to accept a contract role with an employer you may be required to hold certain business insurance such as insurance for [self-employed contractors](https://www.bizcover.com.au/online/insurance-for-self-employed-contractors) or [Contractor Public Liability Insurance](https://www.bizcover.com.au/online/contractor-public-liability-insurance).”

**Contract limitations**

The company you are contracted to may put limitations around specific things that you can and can’t do while under contract. It’s important to closely read the fine print as some limitations may only apply while the agreement is active, while others will only apply once the agreement is completed.

For example, your contractor agreement may contain a non-compete clause, preventing you from working for a competitor to the company that you are contracted to. However, as an independent contractor you may need to be engaged with more than one business at any given time. In that case you may need to negotiate the terms of the contract.

**Dispute resolution**

No-one plans for the worst, but disputes between independent contractors and employers happen. To help ensure these situations don’t get any messier than they need to, make sure that all contracts you agree to include clear details regarding how disputes will be resolved.

~~\*~~*This information is general only and does not* *take into account* *your objectives, financial situation or needs. It should not be relied upon as advice. As with any insurance, cover will be subject to the terms, conditions and exclusions contained in the policy wording.*

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**Media enquiries to:**

Sharon Kenny

Head of Marketing  
M: 0403 048 084