



Financial Services

Approved University Policy

Requirements for Liability Insurance Policy

1.00 Application of Policy

- 1.01 This policy was adopted by University of New Brunswick to establish a framework for the requirement for Liability Insurance coverage for Independent Contractors.
- 1.02 This policy applies to those individuals or organizations who are providing services to UNB and are not UNB employees.

2.00 Method of Payment

- 2.01 UNB's approach is to determine the method of payment based on the service provider's status as that of an "employee" or an "independent contractor". The determination of status is based on UNB's "Employee/Independent Contractor Policy". The policy is based on CRA rules and a review of "best practices" at other Canadian universities. Key factors included in the determination are the level of control the University exercises over the worker, whether the worker provides tools and equipment, whether the worker can subcontract the work and hire assistants, the degree of financial risk taken by the worker, and the worker's opportunity for profit.
- 2.02 Failure to comply with CRA regulations would expose the University to fines, responsibility for payment of both employer and employee portions of CPP and EI premiums, and potential for further CRA audits.
- 2.03 Based on the determination of the service provider's status, the method of payment for services and the treatment of related issues such as eligibility for benefits, payroll withholding requirements, CRA reporting requirements, and GST/HST requirements are set out in the following table:

Status	Method of Payment				Insurance
	Payment Method	GST/HST Applicable?	Statutory Benefits & Withholdings	CRA Reporting	Covered by UNB's Liability Insurance?
Employee	Payroll	No	Yes	T4	Yes
Independent Contractor					
- Individual	Accounts Payable	Yes, unless "small supplier"	No	T4A	No
- Business	Accounts Payable	Yes, unless "small supplier"	No	No	No

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3.00 Requirement for Liability Insurance

- 3.01 As noted in the above table, if a service provider is determined to be an independent contractor, an issue arises with respect to liability insurance coverage.
- 3.02 UNB's liability insurance policies with CURIE extend coverage to all employees (whether full-time, part-time, continuing or term). However, Independent contractors are not and cannot be covered under these policies. Moreover, a separate (UNB owned) policy for this risk is not available in the market. As a result, both the University and the independent contractor are exposed to potential claims by students, faculty/staff, customers or clients related to the work and activities of the independent contractor. Both UNB and the independent contractor could be held jointly and severally liable for damages.
- 3.03 UNB's approach is to require independent contractors to maintain an appropriate level of liability insurance, with certain exceptions where the risk is assessed as low.
- 3.04 Risk assessment is based on the nature of the services provided, dollar value of the services provided, and/or the extent to which the contractor's activities for UNB include direct involvement with vulnerable people.
- 3.05 The Decision Tree outlining when contractor liability insurance is required is outlined in Appendix A.

4.00 Interpretation of Policy

- 4.01 Questions about the interpretation of this policy, or its application to specific cases, should be directed to the [Director, Risk Management](#) or the [Comptroller](#).

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APPENDIX A

Decision Tree: Requirement for Independent Contractor Liability Insurance

