



# NORTHERN MIDLANDS COUNCIL

## POLICY MANUAL

### CONTRACTUAL INSURANCES

**Originated Date:** Adopted 28 July 2003 – Min. No: 271/03 (as Policy 37)

**Amended Date/s:** 21 September 2015 - Min. No. 270/15  
20 January 2020 - Min. No. 016/20  
Reviewed 17 November 2025 – Min. No. 25/352

**Applicable Legislation:** *Local Government Act 1993*

**Objective** To provide criteria for use by Council officers in specifying the type and value of insurances required by contractors when providing works, goods and/or services to the Council.

**Administration:** Corporate Services

**Review Cycle/Date:** At least every 4 years. Next review 2029.

#### 1. DEFINITIONS

##### 1.1 CONTRACTOR

A person or company entering into a *contract* with the Council to use their labour; or their labour and goods; or their labour, goods and/or equipment to provide works, goods and/or services to the Council and where their appointment does not constitute an employee as determined by the Australian Taxation Office.

Classes of contractors are:

- 1.1.1 Civil Engineering Works Construction Contractor – contractors constructing roads; bridges; stormwater drainage; like civil works; and ancillary items.
- 1.1.2 Building Construction Contractors – contractors constructing or modifying public and Council-controlled buildings.
- 1.1.3 Professional Consultants – consultants providing advice, professional judgment, interpretations, designs or reports to assist Council in arriving at a decision or to commission a project on behalf of Council.
- 1.1.4 Project Managers – consultants acting as the principal’s representative in construction contracts and does not undertake any form of discretion in the design or modification of the works.
- 1.1.5 Service Provider Contractor – contractors providing non-technical services that generally are discrete and separate elements (examples: cleaner, cartage contractor (if separate from Civil Engineering Works Construction Contractor), painters, roadside slashing/spraying contractor, waste management collectors/attendants).
- 1.1.6 Tradesman Contractor – tradesmen who provide technical services generally associated with public or building utilities (examples: plumber, electrician, carpenter).

##### 1.2 INSURANCE

###### *1.2.1 PROFESSIONAL INDEMNITY INSURANCE*

This is insurance indemnifying the insured against claims for breach of ‘Professional Duty’ arising out of any negligent act, error or omission whenever or wherever the same was or may have been committed or alleged to have been committed by the Insured in the conduct of the Insured” professional activities (their profession/business).



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### 1.2.2 PUBLIC LIABILITY INSURANCE

This is insurance indemnifying the Insured against legal liability for personal injury and/or property damage claims made by third parties as a result of an accident occurring in connection with the Insured's (Contractor's) business.

### 1.2.3 WORKERS COMPENSATION AND/OR PERSONAL ACCIDENT INSURANCE

This is insurance of the employer's liability to employees under the *Workers Compensation Act of Tasmania* and at common law.

All contractors who are self employed will be required to submit an appropriate personal accident insurance policy and/or Income protection policy.

### 1.2.4 WORKS & GOODS INSURANCE

This is insurance of works and goods under construction or stored on-site by the contractor and to be possessed by the Council after practicable completion of the works. The insurance shall replace the works and goods in the event of damage or thereof.

## 1.3 CONTRACT

A legally-binding agreement between the Council and another party.

## 1.4 INDEMNITY

In respect to an Insurance Policy, this term means that the insurance covers the Insured against any loss or compensation for which the Insured may be legally liable up to the amount of the sum insured (indemnity limit).

In respect to a Contractual Agreement, this term means that one party (the Contractor) agrees to pay/compensate the other party (the Principal) for costs that they (the Principal) would otherwise have to pay.

## 2. APPLICATION

2.1 The following and value of insurances shall apply to the class of contractors as specified in Schedule 1.

Contractor Class	SCHEDULE 1				Indemnity *2
	Insurance				
	Professional Indemnity Insurance	Public Liability Insurance	Workers Compensation/ Personal Accident Insurance	Works and Goods Insurance	
Civil Engineering Works Construction Contractor	x	✓ 20m*1	✓ employee	✓ value	✓ *3
Building Construction Contractor	x	✓ 20m*1	✓ employee	✓ value	✓ *3
Professional Consultant	✓ \$5/10m*1	✓ \$5/10m*1	✓ employee	x	✓
Project Manager	✓ \$5/10m*1	✓ \$5/10m*1	✓ employee	x	✓
Service Provider Contractor	x	✓ \$5/10m*1	✓ employee	x	
Tradesman Contractor	x	✓ \$5/10m*1	✓ employee	x	

### Legend:

- x - does not apply.
- ✓ value - minimum value of insurance to be value of contract.
- ✓ employee - as required by State legislation – not required if self-employed. Self Employed Contractors will be required to produce appropriate personal accident and/or Loss of Income Insurance in lieu of Workers Compensation Premium Policy

**Notes:** \*1 Can be reduced to \$5m if value of *contract* is less than \$100,000; or for *Professional Consultant* or *Project Manager* if the project under their control or providing advice on is likely to be valued at less than \$100,000. The values for Professional Indemnity and Public Liability Insurances are minimum values and each contractor shall be considered on a case-by-case basis. The higher values will generally be used if any ramifications (from wrongful decisions) could arise in the medium or long-term due to the nature of the works or likely claim period



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by third parties.

- \*2 Indemnity – applies to *Public Indemnity Insurance* and *Public Liability Insurance*
- \*3 Not required if value of *contract* is less than \$100,000.

- 2.2 The *insurances* and value that are specified in Schedule 1 shall apply for the whole term of the contract period. *Contractors* who renew *insurances* during the contract period shall provide certified copies of the renewed *insurances* to the Council contract manager before the expiry date or terminated date of the previous *insurances*.
- 2.3 All contractors are required to supply copies of appropriate insurance policies and sign the Contractor's Agreement in relation to insurances and occupational health and safety requirements prior to commencement of the contract.

### 3. REVIEW

The Council will review this policy at least every four years.