



BEEHIVE®
INSURANCE

CONTRACTORS LICENSURE COURSE
INSURANCE AND RISK MANAGEMENT
PRESENTED BY BRETT THOMPSON AND JOSH MAXWELL

MY PASSION FOR SAFETY



Garbage Dumpster
in neighborhood
street



Bria- 8 years old



After 2
reconstructive
surgeries

**Simplicity
is the ultimate
sophistication.**

- Leonardo da Vinci

TODAY'S AGENDA



8:30-9:30 Principles of Risk Management for Contractors



9:40-10:30- Prevention and Safety Principles for Contractors



10:40-11:30- Insurance Coverages and Risk Transfer Options



11:30-12:00 - Lunch



12:00-12:50 - Financing Options and Legal Requirements



1:00-1:30- Practice of Insurance & Risk Management for Contractors

TODAY'S CLASS WILL NOT



BE A SCARY STORY
COMPETITION



TEACH IRRELEVANT
DETAILS TO SHOW
HOW SMART WE ARE

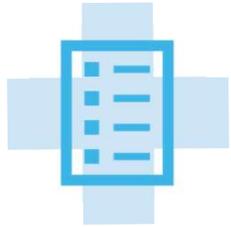


BE A LESSON ON
HOW WELL WE CAN
READ OUR SLIDES



GO OVER TIME

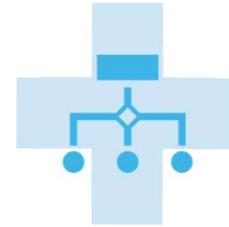
PRINCIPLES OF RISK MANAGEMENT



BASIC DEFINITIONS



CATEGORIES OF RISK



RISK MANAGEMENT
PROCESS

DEFINITIONS

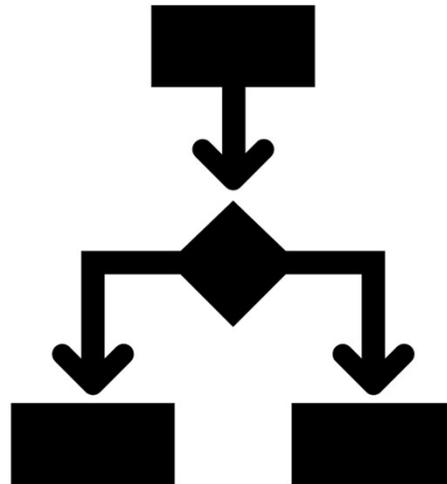
- Risk: (noun)



- Possibility of loss or injury
- Someone or something that creates or suggests a hazard
- The chance of loss or the perils to the subject matter of an insurance contract
 - The degree of probability of such loss
- The chance that an investment (such as a stock or commodity) will lose value

DEFINITIONS

- Risk Management:
(noun)
- The process of identifying, assessing and controlling threats to an organization.



DEFINITIONS

- Insurance: (noun)



- A contractual relationship that exists when one party (the insurer) for a consideration (the *premium*) agrees to reimburse another party (the insured) for loss to a specified subject (the *risk*) caused by designated contingencies (*hazards or perils*).

DEFINITIONS

- Premium: (noun)



- Peril: (noun)



- Hazard: (noun)



- The amount of money an individual or business must pay for an insurance policy.
- An event, situation or incident that causes an injury or loss. **-Out of our control-**
- Conditions that increase the probability of loss. **-In our control-**

DEFINITIONS

- Claim: (noun)



- A formal request by an insured to an insurance company for coverage or compensation for a covered loss or policy event.

CATEGORIES OF RISK



PROPERTY



HUMAN
RESOURCES



LIABILITY

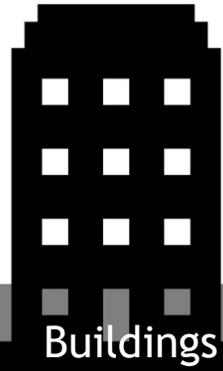


NET INCOME

PROPERTY RISKS



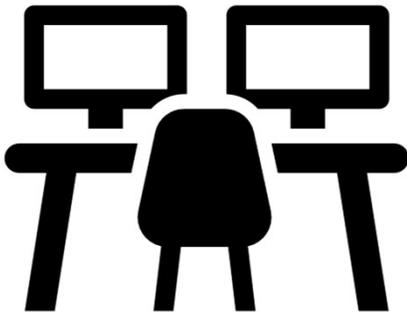
Vehicles



Buildings



Equipment



Contents & Inventory



Tools



Data and Information

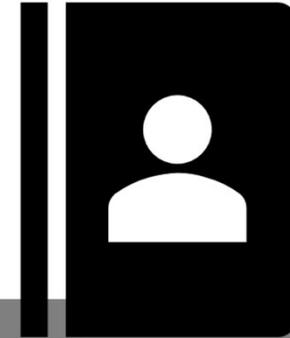
HUMAN RESOURCE RISKS



Injuries



Staffing



Employee Lawsuits



Ownership/Key Person



Employee Health



Retirement

LIABILITY RISKS



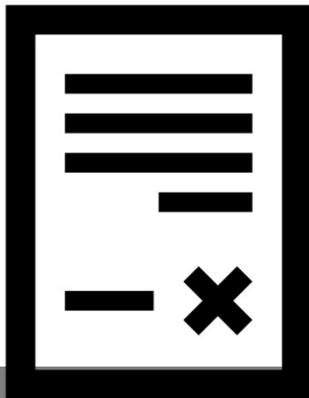
At-fault Injuries



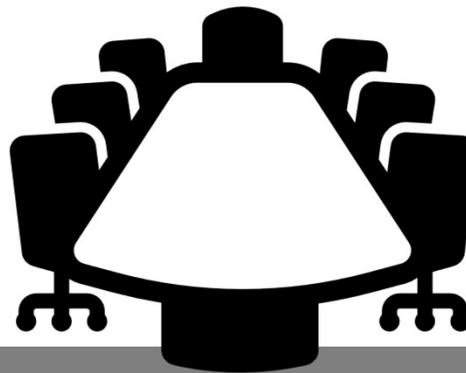
Not-at-fault Injuries



Lawsuits



Contracts



management



Data Security/Fraud

NET INCOME RISKS



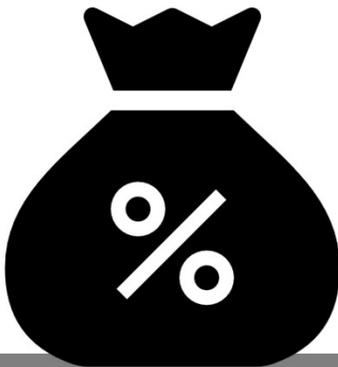
Income Sources



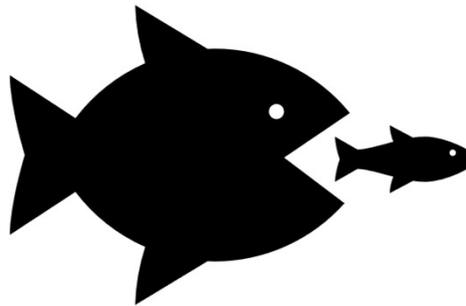
Political



Social



Economic



Competition



Expenses

RISK MANAGEMENT PROCESS

- Identify and Prioritize every risk to your organization
- Analyze each risk for probability and severity
- Control each risk appropriately
- Finance the risks that require it
- Monitor the risk management plan and adjust accordingly

10 Minute Break



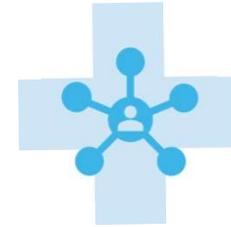
PREVENTION AND SAFETY PRINCIPLES



SAFETY BUDGET



ACQUIRE ASSETS



CONSISTENT
COMMUNICATION

STEP #1 SET AN INTENTIONAL SAFETY BUDGET

"Start where you are.
Use what you have.
Do what you can."

ARTHUR ASHE



Meet ROSI

Return On Safety Investment
(Powerfully Simple Safety Metric)

- Everything in your life runs smoother
- Doesn't require much attention
- Gets stuff done without any drama

HARD TO FIND

WHERE'S ROSI?

- Safety is hard to notice
- Safety is hard to quantify
- Safety is not very attractive



RETURN ON SAFETY INVESTMENT(ROSI)

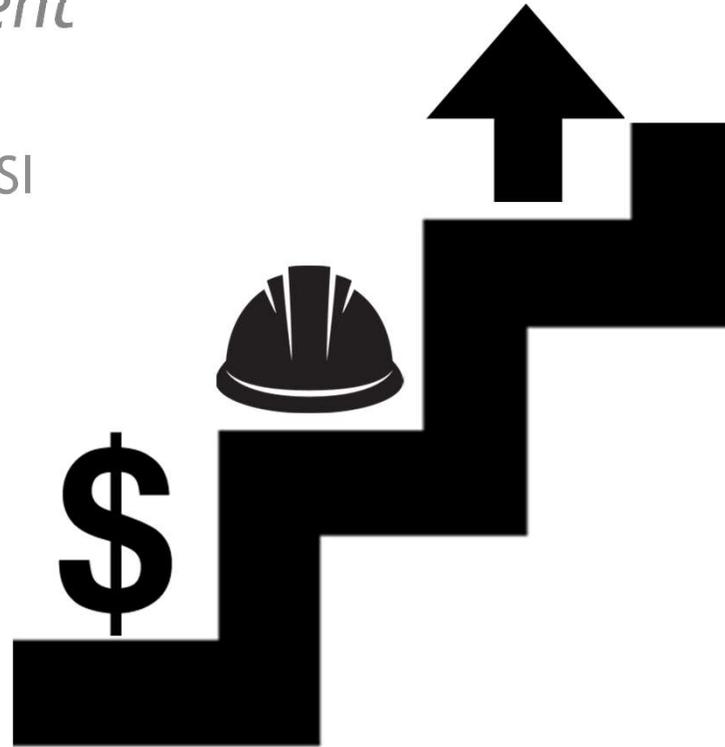
Return = Savings / Investment

(R = S / I)

Step #1 - How to find and track ROSI

Step #2 - How to increase ROSI

Step #3 - How to make ROSI a valuable part of your culture



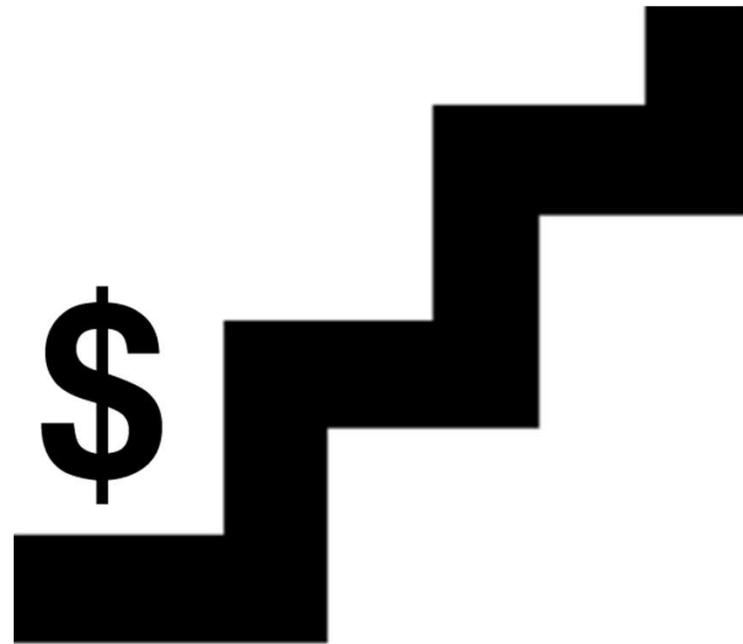
3 SIMPLE STEPS TO FIND ROSI

$$(R = S / I)$$

#1 - SET A SAFETY BUDGET

2 different methods to set your budget:

- If you're in trouble
- If you're doing great



HOW DO YOU KNOW?



- Workers Compensation Experience Modification Factor (E-MOD)

State	Wt	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
UT	.06	4,262	7,901	3,639	0	14,250	11,459	11,459
(A) Wt	(B)	(C) Exp Excess Losses (D-E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H-I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses
.06		4,262	7,901	3,639	0	14,250	11,459	11,459
	Primary Losses	Stabilizing Value	Ratable Excess	Totals				
Actual	(I) 11,459	$C * (1 - A) + G$ 18,256	(A) * (F) 0	(J) 29,715				
Expected	(E) 3,639	$C * (1 - A) + G$ 18,256	(A) * (C) 256	(K) 22,151				
	ARAP	FLARAP	SARAP	MAARAP	Exp Mod			
Factors					(J) / (K) 1.34			

THE CLIENT IS IN TROUBLE

If your E-Mod is OVER 1 you are paying more for your workers comp than your average competition.

<u>Classifications</u>	<u>Code No.</u>	<u>Premium Basis Total Estimated Annual Remuneration</u>	<u>Rates Per \$100 of Remuneration</u>	<u>Net Rate</u>	<u>Estimated Annual Premium</u>
STATE: Utah 03/01/2020 to 03/01/2021 at 12:01am					
STORAGE WAREHOUSE-FURNITURE & DRIVERS	8293	170,819	6.85	8.63	\$11,701
CLERICAL OFFICE EMPLOYEES NOC	8810	69,203	0.12	0.15	\$83
TOTAL MANUAL PREMIUM					\$11,784
EMPLOYERS LIABILITY	100/500/100	9800	11,784	0.00%	\$11,784
EXPERIENCE MODIFICATION	9898	11,784	1.34		\$15,791

Safety Waste: \$4,007

DOING GREAT

If your E-Mod is UNDER 1 you are paying less for your workers comp then your average competition.

<u>Classifications</u>	<u>Code No.</u>	<u>Premium Basis Total Estimated Annual Remuneration</u>	<u>Rates Per \$100 of Remuneration</u>	<u>Net Rate</u>	<u>Estimated Annual Premium</u>
STATE: Utah 04/06/2020 to 04/06/2021 at 12:01am					
CARPENTRY- CONSTRUCTION OF RESIDENTIAL DWELLINGS NOT EXCEEDING THREE S TORIES IN HEIGHT	5645	150,000	10.88	8.85	\$16,320
CLERICAL OFFICE EMPLOYEES NOC	8810	0	0.11	0.09	\$0
TOTAL MANUAL PREMIUM					\$16,320
EMPLOYERS LIABILITY 100/500/100	9800	16,320	0.00%		\$16,320
EXPERIENCE MODIFICATION	9898	16,320	0.86		\$14,035

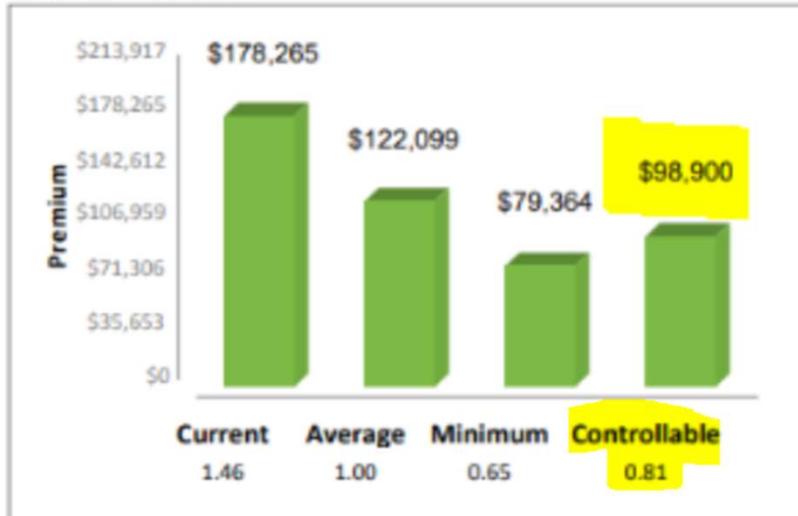
Safety Savings: \$2,285

A STEP FURTHER: WHAT IS UNDER YOUR CONTROL?

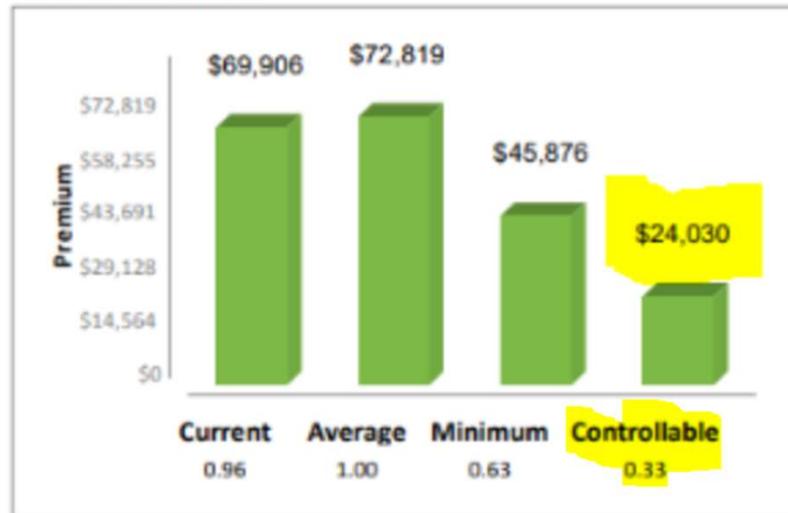
2019

2020

Mod Breakdown



Mod Breakdown



YOUR SAFETY BUDGET (IF YOU'RE IN TROUBLE)

- 20% of Controllable cost should be allocated as a safety budget

\$98,900

Controllable Cost

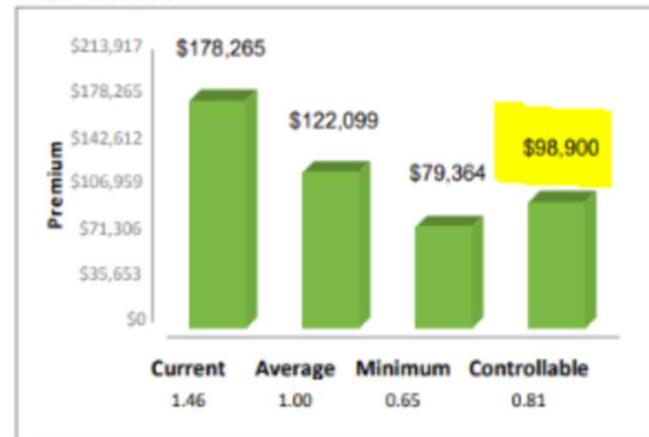
X 20%

Budget %

\$19,780

Annual Safety Budget

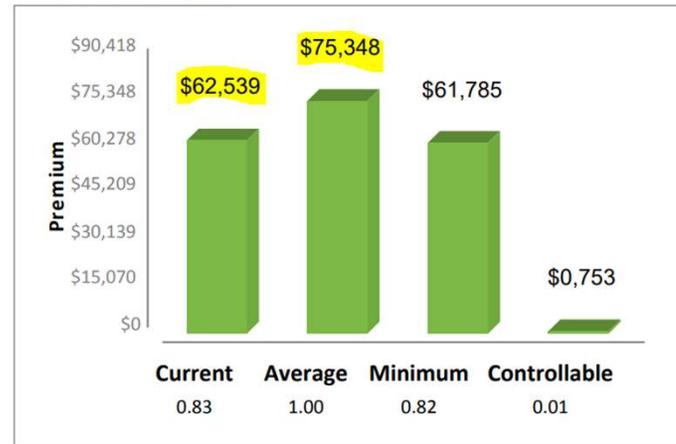
Mod Breakdown



IF YOU'RE DOING GREAT

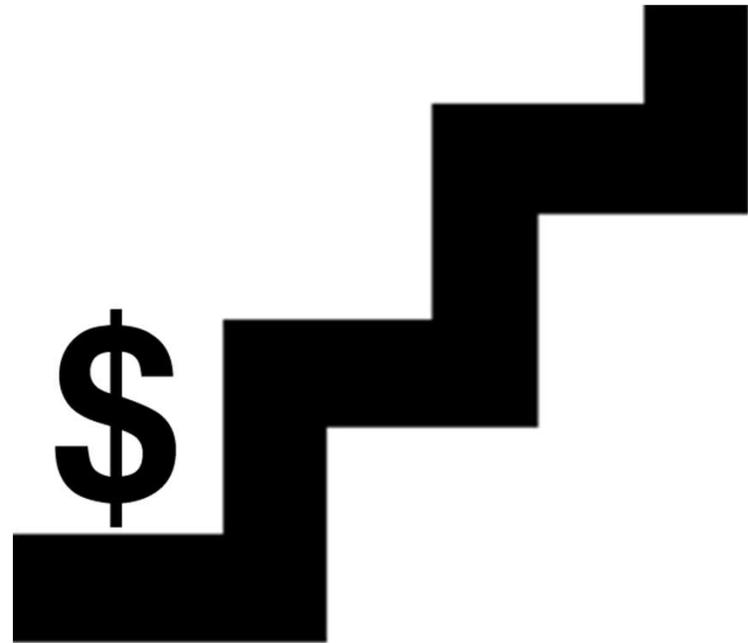
\$75,348	Average Premium
- \$62,539	Current Premium
<hr/>	
\$12,809	Safety Savings
X 20%	Budget %
<hr/>	
\$2,562	Annual Safety Budget

Mod Breakdown



SIMPLE STEP #1: YOUR SAFETY BUDGET

- Holds everyone accountable
 - Increases as losses go up
 - Decreases as losses come down
- Eliminates the human problems
 - Hard to quantify
 - Hard to notice
 - Not very attractive
- Gives you something to work with



WHAT DO YOU DO WITH THE MONEY?



SIMPLE STEP #2 - ACQUIRE SAFETY ASSETS

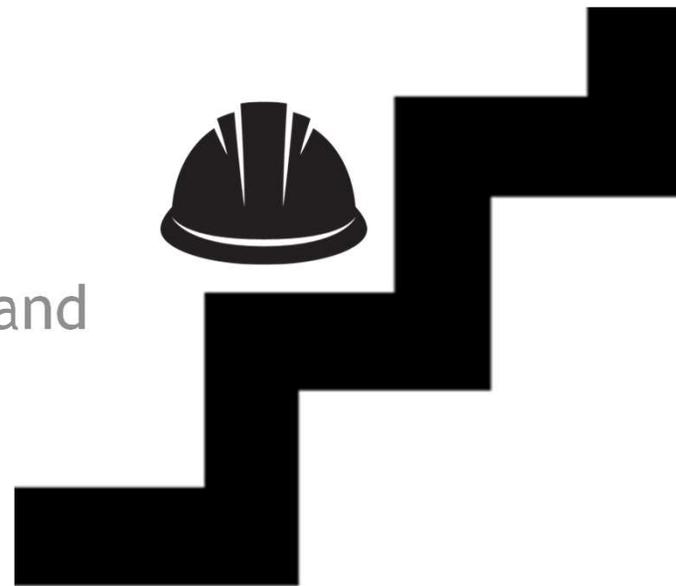


YOU (AND YOUR PEOPLE) KNOW BEST

$$(R = S \times I)$$

3 Simple Steps to finding the most impactful needs

- 1-Ask your people
- 2-Gather “Near-Miss” reports and claims history analysis
- 3-Build Priority List



ASK YOUR PEOPLE

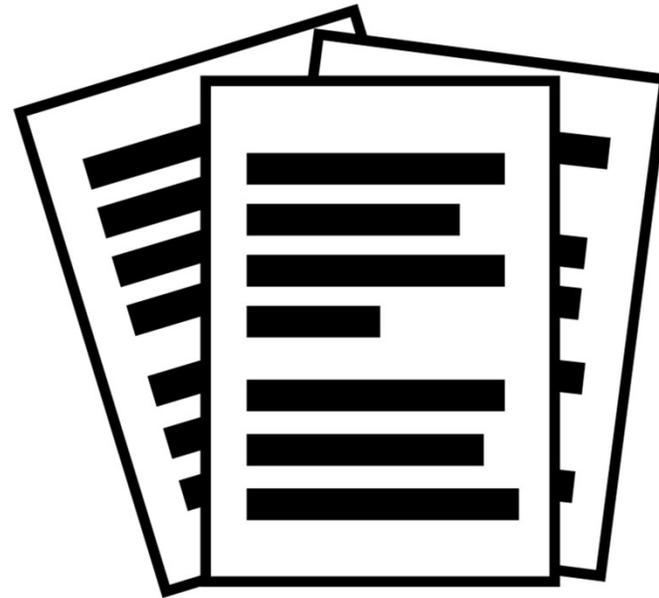
- What tools or equipment would make your job safer?
- What tools or equipment would make the scariest parts of your job unnecessary?
- What tools or equipment would make the hardest parts of your job easier?



GATHER NEAR MISS REPORTS (INCIDENT REPORT)

A *Near Miss* is any event or circumstance that stops or slows regular production that could have resulted in an injury.

- I.e. an employee falls from a ladder but doesn't get injured



ANALYZE LOSS HISTORY

- Your agent can provide this report and help you review all losses to look for patterns and trends.



NEW UOSH REPORTING REGULATIONS

<https://laborcommission.utah.gov/divisions/uosh/uosh-resources/>

REPORTING REQUIREMENTS Employers are required to notify UOSH at (801) 530-6901 within **8 hours of occurrence** of all **fatalities, disabling, significant, and serious injuries or illnesses** to workers. You can call in your report 24 hours a day, 7 days a week. Tools, equipment, materials, or other evidence that might pertain to the cause of such accidents shall not be removed or destroyed until authorized by UOSH. You are also required to investigate all incidents of worker injuries and occupational illnesses.

REPORTING GUIDANCE “Disabling and serious” includes, but is not limited to any injury or illness **resulting in immediate admittance to the hospital, permanent or temporary impairment where part of the body is made functionally useless** or is substantially reduced in efficiency and which would require treatment by a medical doctor, such as **amputation, fracture, deep cuts, severe burns, electric shock, sight impairment, loss of consciousness, and concussions**; illnesses that could **shorten life or significantly reduce physical or mental efficiency** inhibiting the normal function of a part of the body, such as cancer, silicosis, asbestosis, hearing impairment and visual impairment.

BUILD A PRIORITY LIST

- From your analysis, create a list of assets you would like to acquire, prioritize them and start acquiring.



SIMPLE STEP #2 - ACQUIRE SAFETY ASSETS

Don't forget to ask:

- Your People
- Your Agent



SIMPLE STEP #3 - CONSISTENT COMMUNICATION

**YOUR CULTURE
IS YOUR BRAND**

- TONY HSIEH

PUT IT ON PAPER

- *“A Verbal Contract isn’t worth the paper it’s written on”*

-Samuel Goldwyn



OTHER RESOURCES YOU HAVE AVAILABLE

EXAMPLES:

AGC Safety Committee

<https://www.agc-utah.org/safety>

WCF Safety Resources (5% discount for AGC Members)

<https://www.wcf.com/safety>

Tyfoom App (10% discount for AGC Members)

<http://www.tyfoom.com/tyfoom-safety-training/>

YOUR INSURANCE AGENT!

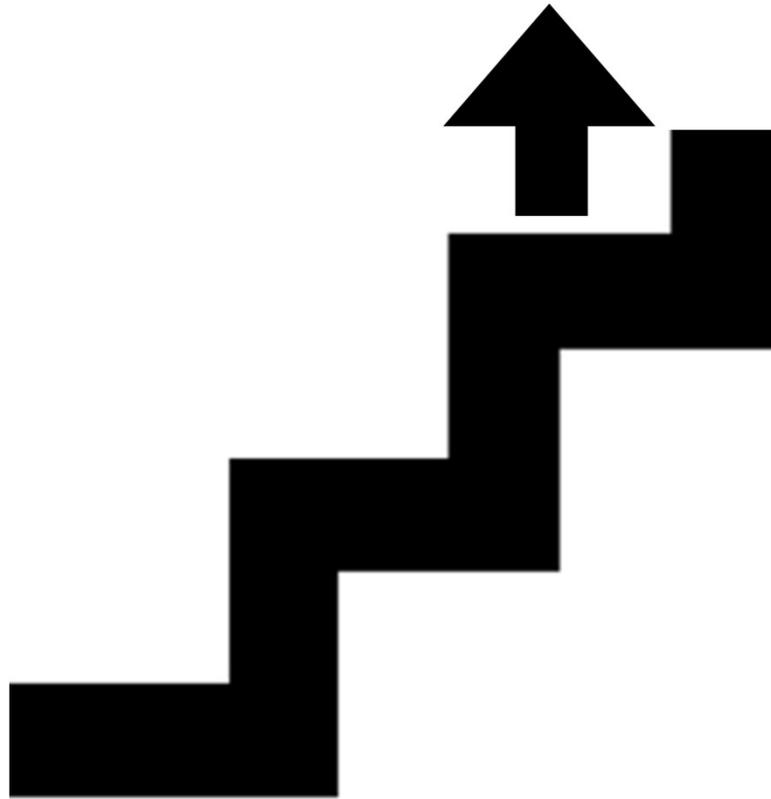
KEEP IT SIMPLE

This communication works best when it's just a simple reminder to:

- Be Safe
- Be Careful
- Be Smart
- We care about you and your family

SIMPLE STEP #3 - CONSISTENT COMMUNICATION

- Set up the system
- Use your agent
- Keep it simple





3 SIMPLE STEPS TO ROSI

NOW YOU KNOW HOW TO:

1. **Find ROSI**
Calculate your Safety Investment
2. **BUY HER WHAT SHE NEEDS**
Acquire Safety Assets
3. **GET HER BEST WORK**
Culture of Consistent Communication

GET 5X RETURN

$$(R = S / I)$$

Controllable Costs of \$25,000

20% Budget = \$5,000 (I)

3 years later your Emod drops to the minimum
saving you \$25,000 (S)

$R = \$25,000(S) / \$5,000(I) = 5$ X Return on Safety Investment

NO BRAINER!

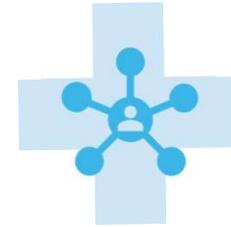
PREVENTION AND SAFETY PRINCIPLES



SAFETY BUDGET



ACQUIRE ASSETS



CONSISTENT
COMMUNICATION



10 Minute Break

SECTION SUMMARY

Methods of Managing Risk

Principles of Risk Management

Risk Transfer using Insurance

- Basic Coverages and Limits

Additional Types of Risk Transfer

INTRODUCTION TO INSURANCE

Methods of Managing Risk

- Avoidance - Reducing or Eliminating exposure to a risk (i.e. Not working above ground level)
- Retention - The acceptance of responsibility for a risk. (i.e. self-insurance)
- Sharing - Sharing retained business risk with other businesses of similar type and risk (i.e. Risk Sharing Group or Captive Market)
- Reduction - Attempts to lessen or reduce risk (i.e. Installing smoke detectors or requiring pre-employment physicals)
- Transfer - The process of transferring the negative effects of a loss to another party. Often considered to be the most effective method of risk management. (i.e. Insurance)

PRINCIPLES OF RISK TRANSFER

Vicarious Liability

- A legal principle that assigns liability for an injury or damage to a person who did not cause the injury but who has a special legal relationship to the person who did act negligently.
- For example, when a subcontractor causes an injury or damage, the contractor can be held vicariously liable due to the special legal relationship that exists between the parties.



HOW CAN WE MANAGE THIS RISK?

COMMON METHODS OF RISK TRANSFER

Insurance

Subcontract
Agreements

Hold
Harmless
Agreements

Additional
Insured
Status

Waiver of
Subrogation

COMMON TYPES OF INSURANCE



General Liability



Property



Commercial Auto



Inland Marine



Workers' Compensation



Umbrella/
Excess Liability



RECOMMENDED LIMITS OF INSURANCE

General Liability

- \$1,000,000 Liability & Medical Expense - Per Occurrence
- \$1,000,000 Personal & Advertising Injury
- \$2,000,000 Products & Completed Operations Aggregate
- \$2,000,000 General Aggregate
- Damage to Premises Rented to You (AKA Fire Liability)
 - \$100,000 - \$1,000,000 depending if locations rented
- Medical Expense Limit (No Fault Coverage)
 - \$0 - \$15,000

Utah Department of Licensing (DOPL - Requirements)

- “The insurance coverage must be at least \$100,000 per incident and \$300,000 aggregate.”

Caution!

Most Contracts will Require \$1M/\$2M Limit

RECOMMENDED LIMITS OF INSURANCE

Commercial Auto

- \$1,000,000 Bodily Injury & Property Damage Liability
- \$1,000,000 Uninsured/Underinsured Motorist
- \$3,000 - \$10,000 Personal Injury Protection (No Fault)
 - Medical Expense Limit (Other States)
- Comprehensive/Other Than Collision
- Collision
- \$1,000,000 Hired/Non-Owned Auto Liability

Caution! Personal Auto Policies commonly have business use exclusions and may result in no coverage.

RECOMMENDED LIMITS OF INSURANCE

Property - Building & Contents

- Coverage as needed - Insure Buildings & Contents to 100% of the Value
- Avoid Coinsurance and Actual Cash Value Provisions (ACV)
- Try to purchase coverage with Replacement Cost or Agreed Value
- Verify business income loss and extra expense is on an actual loss sustained basis when possible.

Caution! Property coverage on most policies only extends to 1,000 ft away from the scheduled premises.

RECOMMENDED LIMITS OF INSURANCE

Inland Marine

- Tools & Equipment Floater
 - Scheduled Equipment
 - Unscheduled Equipment(Max limit per item varies)
 - Employees Tools
- Installation Floater
- Builders Risk
 - Contractor Blanket
 - Reporting VS Non-Reporting
 - Contractor or Home-Owner Responsibility?

Caution! Tools & equipment theft are one of the most common type of claims in the area. Clean up tools from job sites and secure trailers/vehicles.

RECOMMENDED LIMITS OF INSURANCE

Workers' Compensation

- Statutory Limits for Bodily Injury or Work-Place Illness
- Employers Liability (Negligence must be present)
 - Bodily Injury by Accident
 - Bodily Injury by Disease Aggregate
 - Bodily Injury by Disease Per Employee

Caution! Owners & Officers are automatically included or excluded depending on the business type. This may result in unpaid claims or excessive premium audits.

RECOMMENDED LIMITS OF INSURANCE

- Commercial Umbrella/Excess Liability
 - Extends Limits of Liability
 - General Liability
 - Auto Liability
 - Employers Liability (Workers' Compensation)
 - Recommended limit varies based on size of business

Caution! Underlying policies must be scheduled on the umbrella or excess policy to offer extended limits.

OTHER TYPES OF INSURANCE

- Cyber Liability
- Employment Related Practices Liability (EPLI)
- Contractors Voluntary Property Damage
- Crime/Fiduciary
- Pollution
- Errors & Omissions/Professional Liability
- Life & Health Insurance

NOT ALL INSURANCE IS CREATED EQUAL

QUOTE – COMMERCIAL GENERAL LIABILITY

General Liability Limits of Insurance		Deductible		
General Aggregate	\$2,000,000	\$0	BI/PD Combined	Per Claim
Products/Completed Operations Aggregate	Excluded			
Personal & Advertising Injury (any one person or organization)	\$1,000,000			
Each Occurrence	\$1,000,000			
Damage to Premises Rented to You (any one premises)	\$100,000			
Medical Expenses (any one person)	\$5,000			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is **added** to **2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, Coverage B - Personal And Advertising Injury Liability and Coverage C - Medical Payments:**

This insurance does not apply to "bodily injury", "property damage", "personal and advertising injury" or medical payments arising out of work performed by any contractor or subcontractor whether hired by or on behalf of any insured, or any acts or omissions in connection with the general supervision of such work.

INSURANCE IS COMPLICATED

Find an Industry
Expert

Treat your Agent
like a Consultant

Choose the Best
Value Option



PRINCIPLES OF RISK TRANSFER



COMMON METHODS OF RISK TRANSFER

Insurance

Subcontract
Agreements

Hold
Harmless
Agreements

Additional
Insured
Status

Waiver of
Subrogation

SUBCONTRACTOR AGREEMENT

KEY ELEMENTS OF A CONSTRUCTION CONTRACT

- **Location & Scope of Work:** Location and scope of work is defined for all contractors involved in the project
- **Scheduling:** Schedule of work and completion of work is defined and clear
- **Payment:** Payment conditions and terms are clearly defined
- **Authority:** Authority for decisions on the job site (change orders, supplements, cost changes, terms of notifications) is clearly defined
- **Liability-Indemnification Agreements:** Liability for property damage or injury (both ongoing operations and completed operations) is placed on the appropriate parties
- **Insurance:** Insurance responsibilities are clearly defined and rest with the appropriate parties: limits, additional insured obligations, waivers of subrogation, primary and noncontributory requirements
- **Workmanship:** Guarantee of workmanship and obligations when faulty work is performed
- **Penalties:** Ramifications for breaching contract terms are specified and clear



Information Courtesy of Acuity Insurance



HOLD HARMLESS AGREEMENT

- **Hold Harmless Agreement:** A provision in a contract that requires one contracting party to respond to certain legal liabilities of the other party.
- Extent of legal responsibility varies by state
- Form Types
 - *Limited/Narrow form*—Where Party A holds Party B harmless for suits arising out of Party A's sole negligence. Party B is thus protected when it is held vicariously responsible for the actions of Party A. **(Subcontractor must be negligent)**
 - *Intermediate form*—Where Party A holds Party B harmless for suits alleging sole negligence of Party A or negligence of both parties. **(Transfers shared damages/negligence to Subcontractor. General Contractor only responsible for sole negligence)**
 - *Broad form*—Where Party A holds Party B harmless for suit against Party B based on the sole negligence of A, joint negligence of A and B, or the sole negligence of B. Broad form hold harmless agreements are unenforceable in a number of states. **(Transfers all damages/negligence to subcontractor - Prohibited in Utah)**

Glossary. Glossary | IRMI.com. (n.d.). Retrieved March 15, 2022, from <https://www.irmi.com/glossary>

HOLD HARMLESS AGREEMENT

- Example: A jury determines that the general contractor was 70% negligent and the subcontractor was 30% negligent for damages.
 - **Limited/Narrow Form**: Subcontractor only pays 30% of damages
 - **Intermediate Form**: Subcontractor pays 100% of damages
 - **Broad Form**: Subcontractor pays 100% of damages
- Example: A jury determines that the general contractor was solely negligent for damages.
 - **Limited/Narrow Form**: Subcontractor pays 0% for damages
 - **Intermediate Form**: Subcontractor pays 0% for damages
 - **Broad Form**: Subcontractor pays 100% of damages

ADDITIONAL INSURED STATUS

Additional Insured: a person or organization not automatically included as an insured under an insurance policy who is included or added as an insured under the policy at the request of the named insured.

- Types of Additional Insured forms
 - Blanket vs Scheduled
 - Completed vs Ongoing Operations
 - CG-2010(11-85) – Broadest Additional Insured Form – No longer available

Primary and Noncontributory: this term is commonly used in contract insurance requirements to stipulate the order in which multiple policies triggered by the same loss are to respond. Automatically included on standard ISO General Liability Forms.

- **Example:** a contractor may be required to provide liability insurance that is primary and noncontributory. This means that the contractor's policy must pay before other applicable policies (primary) and without seeking contribution from other policies that also claim to be primary (noncontributory).

Glossary. Glossary | IRMI.com. (n.d.). Retrieved March 15, 2022, from <https://www.irmi.com/glossary>

WAIVER OF SUBROGATION

Waiver of Subrogation: an agreement between two parties in which one party agrees to waive subrogation rights against another in the event of a loss. The intent of the waiver is to prevent one party's insurer from pursuing subrogation against the other party. Generally, insurance policies do not bar coverage if an insured waives subrogation against a third party before a loss. However, coverage is excluded from many policies if subrogation is waived after a loss because to do so would violate the principle of indemnity.

- Offered on a Blanket and Scheduled Basis

Glossary. Glossary | IRMI.com. (n.d.). Retrieved March 15, 2022, from <https://www.irmi.com/glossary>

CERTIFICATES OF INSURANCE

What They Are

- Informational Document
- Snapshot of Basic Policy Information at Time of Issuance

What They Are Not

- Grants of Insurance Coverage
- Proof that Coverage Exists
- Modifications or Endorsements
- Warranty of Insurance
- Contracts (i.e., Notice of Cancellation)

ACORD		CERTIFICATE OF LIABILITY INSURANCE			DATE (MM/DD/YYYY) Month/Date/Year		
PRODUCER Insurance Agent/Broker Name Insurance Agent/Broker Street Address or P.O. Box Insurance Agent/Broker City, State & Zip Code Contact & Phone Number				THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURED Vendor Name Vendor Street Address or P.O. Box Vendor City, State & Zip Code				INSURERS AFFORDING COVERAGE		NAIC #	
				INSURER A: Name of Insurance Company		Enter NAC#	
				INSURER B: Name of Insurance Company (if applicable)		Enter NAC#	
				INSURER C: Name of Insurance Company (if applicable)		Enter NAC#	
				INSURER D: Name of Insurance Company (if applicable)		Enter NAC#	
				INSURER E: Name of Insurance Company (if applicable)		Enter NAC#	
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
CLASS	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> _____ <input type="checkbox"/> _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	Enter Policy #	Enter Effective Date	Enter Expiration Date	EACH OCCURRENCE	\$1,000,000	
					DAMAGE TO RENTED PREMISES (EA OCCURRENCE)	\$100,000	
					MED EXP (Any one person)	\$N/A	
					PERSONAL & ADV INJURY	\$1,000,000	
					GENERAL AGGREGATE	\$2,000,000	
					PRODUCTS - COMP/OP AGG	\$1,000,000	
						\$	
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> _____	Enter Policy #	Enter Effective Date	Enter Expiration Date	COMBINED SINGLE LIMIT (Each Occurrence)	\$1,000,000	
					BODILY INJURY (Per person)	\$	
					BODILY INJURY (Per accident)	\$	
					PROPERTY DAMAGE (Per accident)	\$	
A	<input checked="" type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> _____	Enter Policy # (if required)	Enter Effective Date	Enter Expiration Date	AUTO ONLY - EA ACCIDENT	\$1,000,000	
					OTHER THAN AUTO ONLY - EA ACC	\$	
					AGG	\$	
A	<input checked="" type="checkbox"/> EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION: \$Enter Amount	Enter Policy # (if required)	Enter Effective Date	Enter Expiration Date	EACH OCCURRENCE	\$Enter Limit	
					AGGREGATE	\$Enter Limit	
						\$	
						\$	
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	Enter Policy #	Enter Effective Date	Enter Expiration Date	<input checked="" type="checkbox"/> MC STATU-TORY LIMITS <input type="checkbox"/> OTHER		
					E.L. EACH ACCIDENT	\$500,000	
					E.L. DISEASE - EA EMPLOYEE	\$500,000	
					E.L. DISEASE - POLICY LIMIT	\$500,000	
	<input type="checkbox"/> OTHER						
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS							
CERTIFICATE HOLDER Aviation Week Events (Show Management)/Freeman/DCC 2 Penn Plaza, 25th Floor New York NY 10121 Event Date: April 2-5, 2012				CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAKE (30) DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.			

NOTICE OF CANCELLATION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NOTICE OF CANCELLATION BY US –
CERTIFICATE HOLDER(S)**

This endorsement modifies insurance provided under the following:

SCHEDULE

Certificate Holder(s):

--

Section **XXIII. CONDITIONS, 4. Cancellation** is amended by the addition of the following:
If we cancel this Policy before the expiration date thereof, we will mail 30 days written notice (10 days for non-payment of premium) to the Certificate Holder(s) indicated in the SCHEDULE above.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

Notice of Cancellation Endorsement: modifies an insurance policy to provide notice of cancellation beyond that stipulated in the policy. The endorsement typically stipulates an additional number of days' notice the insurer must provide of its intent to cancel the policy, additional parties that are to receive notice of cancellation, or both.



Glossary. Glossary | IRMI.com. (n.d.). Retrieved March 15, 2022, from <https://www.irmi.com/glossary>

IN LAYMAN'S TERMS

Certificate Holder

Great, you have insurance on your work

Additional Insured

Your policy pays for my losses if you are at fault

Waiver of Subrogation

Your insurance company can't come after me to get money back if they pay

Indemnification/Hold Harmless Agreement

Our contract states that you pay for our joint mistake

30 MINUTE LUNCH BREAK



SECTION SUMMARY

Utah Department of Licensing
(DOPL) Requirements

Fair Labor Standards Act
(FLSA)

Utah Workers' Compensation
Requirements

UTAH DEPARTMENT OF LICENSING (DOPL) REQUIREMENTS

- Obtain a certificate of general liability insurance from your insurance agent and submit a copy with your application:
- The certificate must include the name and address of the insured (which must match the name and address on the application exactly), policy number, expiration date, the insurance company and contact information.
- The certificate must name The Division of Occupational and Professional Licensing PO Box 146741, Salt Lake City, Utah 84114 as a certificate holder.
- The insurance coverage must be at least \$100,000 per incident and \$300,000 aggregate.

DOPL CERTIFICATE EXAMPLE

ACORD **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY) 01/01/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsements(s).

PRODUCER: Beehive Insurance Agency, 238 S Main St STE 300, Cedar City, UT 84720
 CONTACT: Joshua Maxwell, (435) 586-2211, jomaxwell@beehiveinsurance.com
 INSURER: American Insurance Company, 12345

INSURED: "Your Legal Business Name", Street Address, City, State, Zip Code

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

LINE	TYPE OF INSURANCE	ADDENDUMS (REF. TO)	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS
1	GENERAL LIABILITY		CGL123456789	01/01/2022	01/01/2023	EACH OCCURRENCE \$ 100,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence) \$
	<input type="checkbox"/> CLAIM-MAKER	<input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$
						PERSONAL & ADV INJURY \$ 100,000
	GENERAL AGGREGATE				\$ 300,000	
	PRODUCTS - COMP/OP AGG				\$ 300,000	
AUTOMOBILE LIABILITY						
ANY AUTO						
ALL OWNED AUTOS						
HIRE/AUTO						
SCHEDULED AUTOS						
NON-SCHEDULED AUTOS						
UMBRELLA LIAB						
EXCESS LIAB						
DED. / RETENTION						
WORKERS COMPENSATION AND EMPLOYERS LIABILITY						
ANY PERSONS OR PARTNERS/RESIDENTS						
EXCLUSIONS						
Mandatory in Utah						
FEE, SERVICE AND DESCRIPTION OF OPERATIONS below						
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)						
CERTIFICATE HOLDER			CANCELLATION			
The Division of Occupational and Professional Licensing, PO Box 146741, Salt Lake City, Utah 84114			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.			
			AUTHORIZED REPRESENTATIVE			

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INSURED

"Your Legal Business Name"
 Street Address
 City, State, Zip Code

POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
01/01/2022	01/01/2023	EACH OCCURRENCE	\$ 100,000
		DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
		MED EXP (Any one person)	\$
		PERSONAL & ADV INJURY	\$ 100,000
		GENERAL AGGREGATE	\$ 300,000
		PRODUCTS - COMP/OP AGG	\$ 300,000
			\$
			\$

CERTIFICATE HOLDER

The Division of Occupational and Professional Licensing
 PO Box 146741
 Salt Lake City, Utah 84114



DOPL CERTIFICATE REQUIREMENT WITH EMPLOYEES

IF YOU HAVE EMPLOYEES:

- Obtain a certificate of workers compensation insurance from your worker compensation insurance agent: The certificate must name The Division of Occupational and Professional Licensing PO Box 146741, Salt Lake City, Utah 84114 as a certificate holder. submit a copy of the worker compensation insurance certificate with your application form.

ACORD CERTIFICATE OF LIABILITY INSURANCE DATE (MM/DD/YYYY) 01/01/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: Beehive Insurance Agency, 239 S Main St STE 300, Cedar City, UT 84720. CONTACT NAME: Joshua Maxwell, PHONE: (435) 586-2211, FAX: (435) 586-4462, EMAIL: jomaxwell@beehiveinsurance.com

INSURER A: Awesome Insurance Company, NAIC # 12345

INSURED: "Your Legal Business Name", Street Address, City, State, Zip Code

COVERAGES: CERTIFICATE NUMBER: CGL123456789, REVISION NUMBER:

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFF DATE (MM/DD/YYYY)	POLICY EXP DATE (MM/DD/YYYY)	LIMITS
<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	CGL123456789	01/01/2022	01/01/2023	EACH OCCURRENCE \$ 100,000
<input checked="" type="checkbox"/> CLAIMS-MADE				DATE TO REPORT \$ 100,000
				PREMISES \$ 100,000
				MED EXP (per one person) \$ 100,000
				PERSONAL & ADV INJURY \$ 100,000
				GENERAL AGGREGATE \$ 300,000
				PRODUCTS - COMP/OP AGG \$ 300,000
WORKERS COMPENSATION AND EMPLOYERS LIABILITY				COMBINED SINGLE LIMIT \$ 100,000
Y/N N/A WC 123456789 01/01/2022 01/01/2023				BODILY INJURY (per person) \$ 100,000
				BODILY INJURY (per accident) \$ 100,000
				PROPERTY DAMAGE (per accident) \$ 100,000
				DISABILITY \$ 100,000
				E.L. EACH ACCIDENT \$ 100,000
				E.L. DISEASE - EA EMPLOYEE \$ 500,000
				E.L. DISEASE - POLICY LIMIT \$ 100,000

CERTIFICATE HOLDER: The Division of Occupational and Professional Licensing, PO Box 146741, Salt Lake City, Utah 84114

CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

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01/01/2022	01/01/2023	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS	OTH-ER	
		E.L. EACH ACCIDENT	\$	100,000
		E.L. DISEASE - EA EMPLOYEE	\$	500,000
		E.L. DISEASE - POLICY LIMIT	\$	100,000



FAIR LABOR STANDARDS ACT (FLSA)

- **The Fair Labor Standards Act (FLSA):** establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments.
- High level review of the federal requirements for FLSA
 - This presentation is not a comprehensive summary of the subject
 - For further details and information follow the below link
 - <https://www.dol.gov/agencies/whd/flsa>
 - Many states will have rules in addition to federal guidelines. Contact local representatives for more information.

FLSA - MAJOR PROVISIONS

Coverage

Minimum Wage

Overtime

Youth Employment

Record Keeping

WHO IS COVERED UNDER FLSA?

Must meet one of three eligibility standards

- **Enterprise Coverage:** Covers an entity as a whole
 - \$500,000+ Annual Dollar Volume (ADV)
 - 2+ Employees
- **Individual Coverage:** Covers employees on an individual level
 - Coverage applies on a per workweek basis
 - Workers engaged in: Interstate commerce, the production of goods for interstate commerce, or an activity that is closely related and directly essential to such production
 - Domestic service, including home care
 - Employees of non-profits may also be covered individually
- **Named Enterprises:** Covers specific/designated entity types
 - Hospitals, residential medical or nursing care facilities, schools, preschools, and government agencies.

COVERAGE EXEMPTIONS

- “White Collar” Exemptions
 - Executives
 - Administrators
 - Professional Capacity
 - Outside Sales Capacity
- Certain Computer Employees
- Highly Compensated Employees
- Call or visit the nearest WHD Office
- Visit the WHD homepages at: <https://www.dol.gov/agencies/whd>
- The WHD toll-free information and helpline at:
 - 1-866-4US-WAGE (1-866-487-9243)



MINIMUM WAGE

- Minimum Wage \$7.25
 - May be more depending on State
- Pay less deductions may never be less than \$7.25
- On a workweek basis
- Salary Employees may never be less than \$684 per week after deductions
 - Biweekly: \$1,368
 - Semimonthly: \$1,482
 - Monthly: \$2,964

EMPLOYEE RIGHTS UNDER THE FAIR LABOR STANDARDS ACT

FEDERAL MINIMUM WAGE

\$7.25 PER HOUR

BEGINNING JULY 24, 2009

The law requires employers to display this poster where employees can readily see it.

- OVERTIME PAY** At least 1½ times the regular rate of pay for all hours worked over 40 in a workweek.
- CHILD LABOR** An employee must be at least 16 years old to work in most non-farm jobs and at least 18 to work in non-farm jobs declared hazardous by the Secretary of Labor. Youths 14 and 15 years old may work outside school hours in various non-manufacturing, non-mining, non-hazardous jobs with certain work hours restrictions. Different rules apply in agricultural employment.
- TIP CREDIT** Employers of "tipped employees" who meet certain conditions may claim a partial wage credit based on tips received by their employees. Employers must pay tipped employees a cash wage of at least \$2.13 per hour if they claim a tip credit against their minimum wage obligation. If an employee's tips combined with the employer's cash wage of at least \$2.13 per hour do not equal the minimum hourly wage, the employer must make up the difference.
- NURSING MOTHERS** The FLSA requires employers to provide reasonable break time for a nursing mother employee who is subject to the FLSA's overtime requirements in order for the employee to express breast milk for her nursing child for one year after the child's birth each time such employee has a need to express breast milk. Employers are also required to provide a place, other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public, which may be used by the employee to express breast milk.
- ENFORCEMENT** The Department has authority to recover back wages and an equal amount in liquidated damages in instances of minimum wage, overtime, and other violations. The Department may litigate and/or recommend criminal prosecution. Employers may be assessed civil money penalties for each willful or repeated violation of the minimum wage or overtime pay provisions of the law. Civil money penalties may also be assessed for violations of the FLSA's child labor provisions. Heightened civil money penalties may be assessed for each child labor violation that results in the death or serious injury of any minor employee, and such assessments may be doubled when the violations are determined to be willful or repeated. The law also prohibits retaliating against or discharging workers who file a complaint or participate in any proceeding under the FLSA.
- ADDITIONAL INFORMATION**
- Certain occupations and establishments are exempt from the minimum wage, and/or overtime pay provisions.
 - Special provisions apply to workers in American Samoa, the Commonwealth of the Northern Mariana Islands, and the Commonwealth of Puerto Rico.
 - Some state laws provide greater employee protections; employers must comply with both.
 - Some employers incorrectly classify workers as "independent contractors" when they are actually employees under the FLSA. It is important to know the difference between the two because employees (unless exempt) are entitled to the FLSA's minimum wage and overtime pay protections and correctly classified independent contractors are not.
 - Certain full-time students, student learners, apprentices, and workers with disabilities may be paid less than the minimum wage under special certificates issued by the Department of Labor.



WHD

WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

1-866-487-9243
TTY: 1-877-889-5627
www.dol.gov/whd



WH1088 REV 0716


BEEHIVE
INSURANCE

MINIMUM WAGE - DEDUCTIONS



Topic 3 Deductions

Can I charge my employees for uniforms or other business expenses?

OVERTIME



Non-Exempt Employees are entitled to 1½ times their Regular Rate(RR) for all hours worked over 40 hours in a workweek.

Calculating Overtime Pay

- Step 1: Regular Rate (RR)= Total Compensation ÷ Total Hours Worked
- Step 2: Half Time Premium Rate= RR x .5
- Step 3: Overtime Compensation Due = Half-Time Premium Rate x Overtime Hours in the Workweek

OVERTIME CALCULATION

Example:

Exercise: Production Bonus

Hourly Rate:	\$9.00	$48H \times \$9 =$	\$432
Bonus per week:	\$10.00	$\$432 + \$10 =$	\$442
Hours worked:	48	$\$442 \div 48H =$	\$9.21 RR
		$\$9.21 \times .5 =$	\$4.61
		$\$4.61 \times 8H =$	\$36.88 OT
Total compensation for week:		$\$442 + \$36.88 =$	\$478.88

OVERTIME

- Exclusions from Regular Rate
 - Gifts
 - Payments for time not worked
 - Reimbursements for expenses
 - Profit sharing plans, stock options
 - Retirement and insurance plan contributions
 - Overtime premium payments



YOUTH EMPLOYMENT

- **16 and 17 year olds**
 - Unlimited hours; may work in any occupation other than those declared hazardous by Secretary of Labor
- **14 and 15 year olds**
 - May work outside school hours and for limited periods of time; only non-manufacturing, non-hazardous jobs, and specific conditions apply
- **Children under 14**
 - With limited exceptions, no employment permitted in covered, non-agricultural occupations



RECORD KEEPING

The following is a listing of the basic records that an employer must maintain:

1. Employee's full name and social security number.
2. Address, including zip code.
3. Birth date, if younger than 19.
4. Sex and occupation.
5. Time and day of week when employee's workweek begins.
6. Hours worked each day.
7. Total hours worked each workweek.
8. Basis on which employee's wages are paid (e.g., "\$9 per hour", "\$440 a week", "piecework")
9. Regular hourly pay rate.
10. Total daily or weekly straight-time earnings.
11. Total overtime earnings for the workweek.
12. All additions to or deductions from the employee's wages.
13. Total wages paid each pay period.
14. Date of payment and the pay period covered by the payment.

RECORD KEEPING

Record Retention

- 3 Years
 - Payroll Records
 - Collective Bargaining Agreements
 - Sales and Purchase Records
- 2 Years
 - Records on which wage computations are based
 - i.e. time cards and piece work tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages. These records must be open for inspection by the Division's representatives, who may ask the employer to make extensions, computations, or transcriptions.

UTAH WORKERS' COMPENSATION REQUIREMENTS

- Employers in the State of Utah are required to provide workers' compensation insurance with few exceptions.
- Owners and Officers may elect to be included or excluded from coverage
- Heavy penalties exist for employers that allow employees to work while not covered by workers' compensation
- Coverage requirements and laws vary by state. Check local laws before moving to or operating out of your primary state.
- Workers' Compensation Coverage Waiver
 - <https://laborcommission.utah.gov/divisions/industrial-accidents/employers/wccw/>



EMPLOYMENT QUIZ



- Tom is a Finish Carpenter
- Tom has his own business with his own EIN Number
- Tom has elected to self insure his business
- Tom does all of his work for a friend of his that's a general contractor
- Tom is paid on a 1099 basis
- Tom has filed for a work comp waiver

Is Tom an Employee or an Independent Contractor?

EMPLOYEE RELATIONSHIP UNDER THE FAIR LABOR STANDARDS ACT (FLSA)

- Common Factors used by Supreme Court
 1. The extent to which the services rendered are an integral part of the principal's business.
 2. The permanency of the relationship.
 3. The amount of the alleged contractor's investment in facilities and equipment.
 4. The nature and degree of control by the principal.
 5. The alleged contractor's opportunities for profit and loss.
 6. The amount of initiative, judgment, or foresight in open market competition with others required for the success of the claimed independent contractor.
 7. The degree of independent business organization and operation.



UTAH WORKERS' COMPENSATION ACT

“Independent Contractor” means any person engaged in the performance of any work for another who, while so engaged, is:

- A. Independent of the employer in all that pertains to the execution of the work
- B. Not subject to the routine rule or control of the employer
- C. Engaged only in the performance of a definite job or piece of work
- D. Subordinate to the employer only in effecting a result in accordance with the employer's design

Tom would most likely be considered an Employee!

FLSA EMPLOYEE VS INDEPENDENT CONTRACTOR

 EMPLOYEE	OR	INDEPENDENT CONTRACTOR
 Working for someone else's business		Running their own business
 Paid hourly, salary, or by piece rate		Paid upon completion of project
 Uses employer's materials, tools and equipment		Provides own materials, tools and equipment
 Typically works for one employer		Works with multiple clients
Continuing relationship with the employer		Temporary relationship until project completed
Employer decides when and how the work will be performed		Decides when and how they will perform the work
Employer assigns the work to be performed		Decides what work they will do

EMPLOYMENT QUIZ



- Ben is a Flooring Installer
- Ben has his own business with his own EIN Number
- Ben has elected to self insure his business
- Ben works for a variety of contractors
- Ben is paid on a 1099 basis
- Ben has not filed for a work comp waiver

Is Ben an employee or independent contractor?

UTAH WORKERS' COMPENSATION ACT

Under FLSA Ben would most likely be considered an Independent Contractor

BUT... under the Utah Workers' Compensation Act Section 34A-2-103 Section (f) the definition of an eligible employer changes to a person who:

- A. Is an employer; and
- B. Procures work to be done wholly or in part for the employer by a contractor, including
 - i. all persons employed by the contractor;
 - ii. all subcontractors under the contractor; and
 - iii. all persons employed of these subcontractors

UTAH WORKERS' COMPENSATION ACT

Under the Utah Workers' Compensation Act Section 34A-2-103 Section (f) "the eligible employer...is liable for and pays workers' compensation benefits as an original employer...because the subcontractor fails to comply."

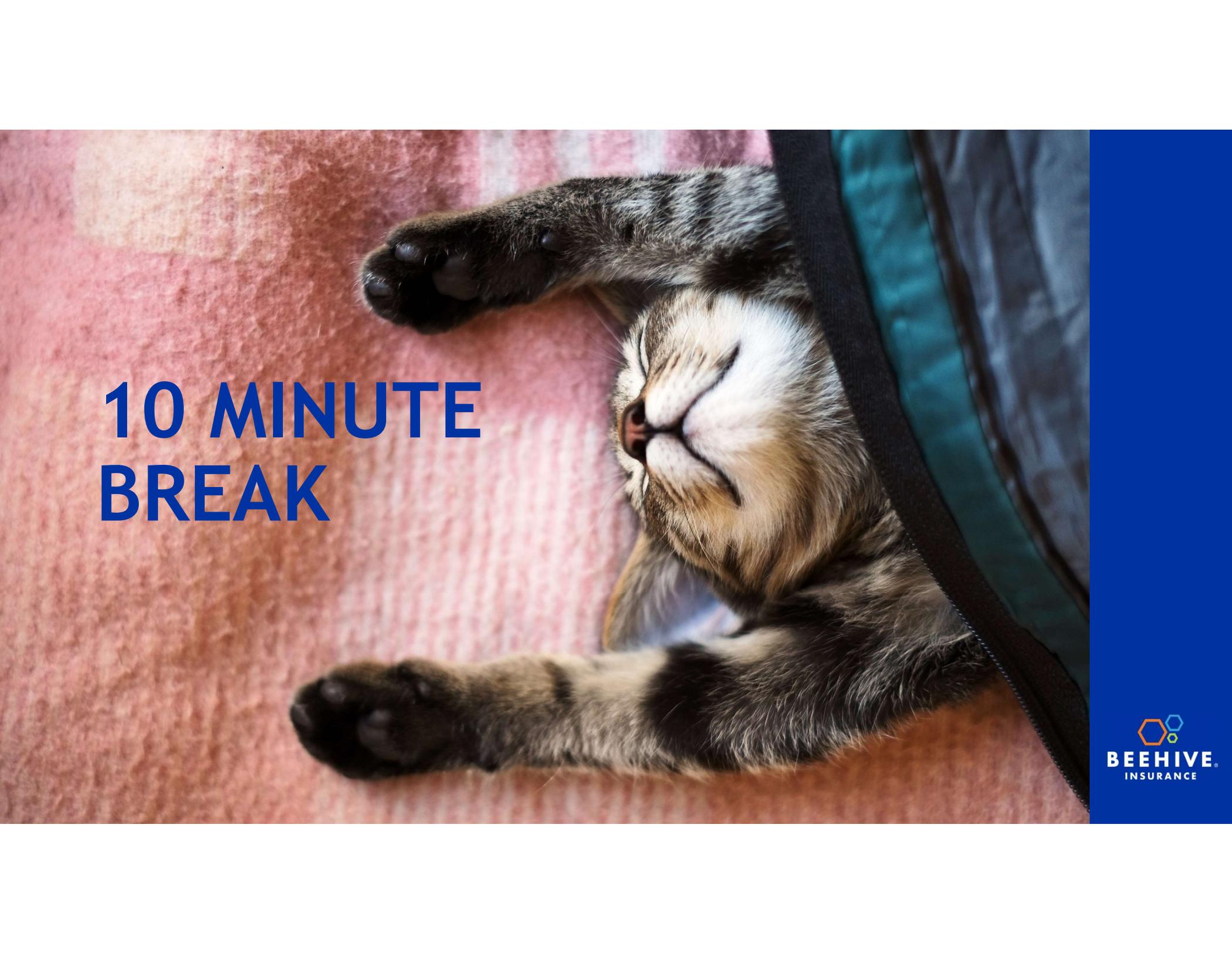
The general contractor would be considered Ben's employer in this case and responsible for Ben's workers' compensation insurance while working for him.

UTAH WORKERS' COMPENSATION ACT

Workers' Compensation Tips

- Premium is Payroll Driven
- Owners and Officers Minimum Payroll
 - Minimum \$54,600
 - Maximum \$218,400
- LLC Member
 - Set Limit \$54,000
- Corporation - Automatically Included by Default
- LLC - Automatically Excluded by Default
- Payroll is Audited Annually





**10 MINUTE
BREAK**

PRACTICE OF INSURANCE & RISK MANAGEMENT



COMPANY SETUP



FUND BUDGET



INSURANCE
PROCUREMENT

COMPANY SETUP



Register with The State of Utah

<https://corporations.utah.gov/online-business-registration/>



Select Entity type

Sole Proprietor/Partnership
Limited Liability Company(LLC)
Corporation(C-Corp, S-Corp)



Obtain License(s)

<https://adminrules.utah.gov/public/search/R156-55a-101/Current%20Rules>



Hire Professional Consultants

Attorney
Accountant
Insurance Agent



Build Infrastructure

Bank Accounts
Invoicing & Payment Systems
Automation and Information Systems

EXTRA SIMPLE BUT VITAL STEP

FUND THE SAFETY BUDGET!!!



BUSINESS INSURANCE PROCUREMENT

- Check with Multiple Agents for:

Understanding of your industry

Experience in construction insurance

Access to multiple coverage and company options

Staff to fulfill service needs

Find a consultant, not a salesperson

BEST PRACTICES

Be forthcoming

Be forthcoming with needed information

Don't assume

Don't assume it will be like other insurance experiences

Review Exclusions

Ensure agent reviews concerning endorsements and exclusions

Plan Ahead

Give ample time to find the best fit

HOW TO WORK WITH BEEHIVE INSURANCE

1. Scan Code
2. Input your info
3. We will contact you



THANK YOU!



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