

## Sample Contract Provisions

NOTE: The Workers' Compensation statute presumes that an individual(s) you pay to perform work is your employee and must be covered by workers' compensation insurance. The statute does contain an exception if the individual(s) paid to perform work is a sole proprietorship, or partnership (including an LLP) PROVIDED that there is a written contract between you and the individual that satisfies ALL of the criteria in 21 VSA §601(14)(F). **The purpose of this guidance document is to provide examples of contract clauses which must be included in the written contract. These are examples only. It is strongly recommended that the contracting parties consult with their attorneys or have an attorney draft or review the contract prior to signing the contract.**

Sample contract provisions for contracts with sole proprietorships or partnerships to satisfy the workers' compensation exemption requirements set out in 21 VSA §601(14)(F).

This contract is between (Hiring entity X) and (Individual Y) to perform (specifically describe services to be performed).

(Individual Y) is the (choose appropriate) sole proprietor / partner owner or partner owners of an unincorporated business.

(Individual Y) performs work that is distinct and separate from that of (Hiring entity X).

(Hiring entity X) does not customarily perform the work to be performed by Y (OR) Y has experience, equipment and expertise that (Hiring entity X) does not have.

(Individual Y) will control the means and manner of the work performed.

(Individual Y) is in business for him- or herself; holds him- or herself out for work for the general public and does not perform work exclusively for or with (hiring entity X).

(Hiring entity X) does not treat (Individual Y) as an employee for purposes of income or employment taxation.

The parties to this contract agree that (Individual Y) is not considered to be an employee for purposes of workers' compensation, is working independently, has

no employees or if (Individual Y) has employees (Individual Y) has provided and will maintain workers' compensation insurance for those workers for the duration of this contract. A current certificate of WC insurance is attached to this contract as an addendum. (Individual Y) further certifies that he or she has not contracted with other independent contractors.

(Individual Y) recognizes that he or she has a right to purchase workers' compensation insurance coverage for himself and has elected not to purchase coverage for him- or herself.

(Hiring entity X) recognizes that if (Individual Y) is found to have employees or independent contractors not covered by workers' compensation insurance purchased by (Individual Y), then (Hiring entity X) must provide workers' compensation insurance coverage and is liable for any workers' compensation injuries but (Hiring entity X) or its workers' compensation insurer may seek recovery of all amounts paid from (Individual Y).