

# DOL Issues Independent Contractor Final Rule

In early January 2024, the U.S. Department of Labor released a final rule, effective March 11, revising the agency's guidance on how to analyze who is an employee or independent contractor under the Fair Labor Standards Act. This new rule restores the multifactor, totality-of-the-circumstances when determining whether a worker is an employee or independent contractor under the FLSA. We have a PDF offering you more details, including a description of the 2021 rule and the new rule issued in 2024.

The final rule analyzes all six economic realities test factors without assigning a predetermined weight to a particular factor. [Click here for the PDF.](#)

[And here is a link to the Maine Workers' Compensation Board web page – with additional resources and an FAQ page.](#)

---

## Employee or Independent Contractor? It Makes a Difference!

By [Sally Miles](#)

Have you ever thought about the difference between an employee and independent contractor?

The answer can be found through a series of questions created by the [Maine Department of Labor](#).

Paying someone using a 1099 not does automatically make them an independent contractor.

The facts of the relationship between the business and individual conducting work determine whether you have an employee or independent contractor.

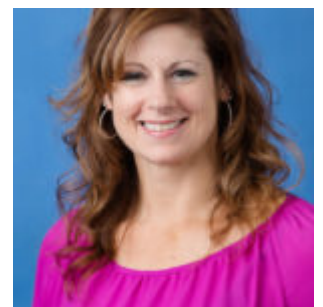
When it comes to insurance, this distinction is important because a business's payroll (the people who are true employees and not independent contractors) will impact both their workers compensation insurance and general liability insurance policies, in terms of both cost and risk exposure.

When you have questions, Ask Allen. We're here to help.

---

# Why You Need Employment Practices Liability Insurance

From [Karen Reed](#):



Employment practices liability insurance (EPLI) provides

coverage to employers against claims made by employees alleging discrimination, wrongful termination, harassment, or other employment-related issues such as failure to promote.

All businesses, regardless of size are vulnerable to employment claims regardless of the number of employees and statistics tell us the average cost for legal defense and compensation for this type of claim can quickly add up to \$70,000.

Protect your business by calling us today to obtain a quote for this very important coverage.

---

## Tool Coverage 101

[By Patrick Chamberlin](#)

Contractors rely on their tools and equipment to get the job done. To protect these tools from theft or vandalism, there's Tools and Equipment Coverage.

Tools and equipment insurance can cover both large equipment and small hand tools.

Most commercial property policies cover buildings and personal property at your premises or within a short distance. Tools and Equipment coverage is designed to cover movable property wherever it may be located.

Smaller items, generally with a value of less than \$1,000 can be covered on a blanket basis. You'll want to list higher-value items (generators, heavy equipment such as excavators) individually. It's also important to keep an inventory (with

photos, if possible) and proof of purchase.

As always, there are some exceptions and limits to this type of coverage. Your insurance agent can explain more.

---

# Commercial Auto 101

[By Sally Miles](#)

A commercial auto policy protects a business against losses incurred through the ownership, maintenance, or use of motor vehicles.

Most businesses need this kind of coverage because whether you drive a vehicle dedicated for business use or drive a personal vehicle for business because your vehicle may not be covered under a personal auto policy.

Commercial auto, as it is called, covers a variety of situations and policies can be tailored to meet the specific needs of a business. Coverage is available for a single vehicle or a fleet of vehicles; there is coverage for trailers or other mobile equipment, and there is coverage for drivers who work for your business.

Each business has its own set of unique exposures. Consult your agent to ensure your commercial auto policy is programmed to meet your needs.

*Sally Miles works with business across Maine for all their insurance needs.*

---

# Construction Bonds 101

[By Kristina Campbell](#)

A construction bond, also known as a surety bond, protects a project owner if a contractor fails to complete a job, doesn't pay for permits or fails to meet other financial obligations such as paying for supplies or subcontractors.

Surety bonds are important, and quite common, in the construction industry. They typically come in three types:

- **A Bid Bond** is issued to the project owner to provide a guarantee that the winning bidder will honor the contract under the terms at which they bid.
- **A Performance Bond** guarantees that the contractor will perform the services as described in the contract. A bid bond is replaced by a performance bond when a bid is accepted and the contractor proceeds to work on the project.
- **A Payment Bond** guarantees that a construction company will pay its laborers (employees and subcontractors) and suppliers throughout the construction project.

A surety bond is a contract between three parties:

1. **The Principal** is the party purchasing the bond and undertaking an obligation to perform the job as promised.
2. **The Obligee** is the party requiring and receiving the protection of the bond.
3. **The Surety** is the insurance company or surety company that guarantees the obligation will be performed.

How do you know if you need a construction bond? The project owner will decide.

*Kristina Campbell has been working with contractors across Maine for their insurance and bonding needs for more than 15 years.*

---

# Who Needs Builder's Risk Coverage?

From [Karen Reed](#):



Builder's risk coverage is essential in helping to protect construction projects, but can be complex and often misunderstood. The bottom line is the materials, supplies and equipment on a building site need protection from theft, fire and other risks.

Who Needs Builder's Risk Coverage?

Any person or company with a financial interest in the construction project needs builder's risk insurance. Some common people you may want to include on your policy as insureds include the:

- Property owner

- General contractor
- Subcontractors
- Lender
- Architects

The coverage amount needed is determined by the contract price between the Property Owner and the Contractor. It should be determined prior to the start of construction or renovation as to whom will be responsible for providing this very important insurance coverage.

A builder's risk policy as part of a thorough risk management plan can boost a company's reputation, while protecting your business and providing peace of mind for the contractor and his or her client.

---

# Insurance Coverage for Construction Risk

[By Patrick Chamberlin](#)

As a contractor, you work hard every day – for your customers and to grow your business. [Specifically designed insurance solutions](#) can protect those efforts.

You start with General Liability, which covers you for claims involving bodily injuries and property damage resulting from your products, services or operations, resulting from your negligence. Then we recommend you build a more complete policy from there.

Among the coverages you should consider:

- **Builders Risk:** Carried by either the property owner or the contractor, this insures a project (property) during construction.
- **Workers Compensation:** A state-mandated coverage in Maine, designed to cover costs when a worker is injured on the job. Subcontractors need their own coverage or an approved predetermination of independent contractor status form.
- **Commercial Property:** This coverage pays to replace or repair the insured value of tools and equipment that are owned or have been borrowed or leased in the event of damage due to a covered peril, such as a fire or theft.
- **Errors & Omissions:** This coverage can protect the value of your work if it is damaged due to unintentional faulty workmanship.
- **Commercial Auto:** This coverage is designed for vehicles used for business purposes. Coverage for hired and non-owned vehicles should also be considered.

It is important to regularly meet with an independent insurance agent to review your exposures and make sure that your policy will respond as expected.