

STATES OF JERSEY

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DRAFT EMPLOYERS' LIABILITY (COMPULSORY INSURANCE) (EXEMPTION) (AMENDMENT No. 2) (JERSEY) REGULATIONS 200-

Lodged au Greffe on 26th April 2005
by the Employment and Social Security Committee

STATES GREFFE



Jersey

DRAFT EMPLOYERS' LIABILITY (COMPULSORY INSURANCE) (EXEMPTION) (AMENDMENT No. 2) (JERSEY) REGULATIONS 200-

REPORT

The Employers' Liability (Compulsory Insurance) (Jersey) Law 1973, and Regulations made under that Law, sets out the requirement on employers carrying out a business in the Island to insure against their liability for personal injuries to their employees.

A review of the requirement for employers' liability compulsory insurance in the U.K. by the Department of Work and Pensions, primarily as a result of concerns over increasing premiums, resulted in the removal of the requirement for companies, whose majority shareholder is the only employee, to hold such insurance cover. The Employers' Liability (Compulsory Insurance) (Exemption) (Amendment No. 2) (Jersey) Regulations 200, provide for a similar situation under the Employers' Liability (Compulsory Insurance) (Jersey) Law 1973.

This amendment removes the anomaly created by a situation where an individual sets up a limited liability company and becomes the sole employee of that company. The existing terms of employers' liability legislation require the limited liability company to hold employers' liability compulsory insurance, but any claim by the individual against the company would have little chance of success as they themselves would be implicated in the contributing factors which led to the claim.

There are no available statistics on how many individuals the proposed amendment would affect, however, the manpower survey (private sector) report for December 2004, identified 1,780 reported single-person undertakings in the Island.

Financial or manpower statement

These draft Regulations have no implications for the financial or manpower resources of the States of Jersey.

Explanatory Note

These Regulations have the effect that a company whose majority shareholder is also its sole employee is exempt from the requirement for an employer to maintain accident insurance in respect of its employees.



Jersey

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Made

[date to be inserted]

Coming into force

[date to be inserted]

THE STATES, in pursuance of Article 3 of the Employers' Liability (Compulsory Insurance) (Jersey) Law 1973,^[1] have made the following Regulations –

1 Schedule to Law amended

At the end of the list in the Schedule to the Employers' Liability (Compulsory Insurance) (Exemption) (Jersey) Regulations 1973^[2] there shall be added the following entry –

“A company which has only one employee, where the employee owns 50% or more of the issued share capital of the company.”.

2 Citation and commencement

These Regulations may be cited as the Employers' Liability (Compulsory Insurance) (Exemption) (Amendment No. 2) (Jersey) Regulations 200- and shall come into force 7 days after they are made.

[1] *Recueil des Lois, Volume 1973-1974, page 94.*

[2] *Nos. 5878 and 6767.*