



Australian Government
Department of Defence

ASDEFCON – INSURANCE CASE STUDIES

CASE STUDY #5

MEMBERS REQUIRED IN UNIFORM

NOTES TO READER

This case study has been prepared to assist drafters in the use of the ASDEFCON insurance clauses. This case study is to be used by drafters in conjunction with all other applicable guidance, policies and procedures for procurements including the ASDEFCON Insurance Handbook.

This case study is intended to provide guidance to drafters in respect of what insurances may be required from a contractor. The content of this document is a case study only and is not intended to be prescriptive. Certain contracts, even those with similar facts to that of the fictional contract below may warrant different insurance treatment. Appropriate advice should be sought in relation to any contract involving significant risks to be insured.

If drafters have any questions or comments regarding this case study or the use of the ASDEFCON insurance clauses, please contact the ACIP Management Team at ACIP.ManagementTeam@defence.gov.au.

FICTIONAL CONTRACT

The contract is for support of a fleet of vehicles on behalf of Defence. The contract contemplates that Defence employees will be provided to the contractor (being Members Required in Uniform – "MRU") for the purposes of performing the contract. In the private sector this is commonly known as a secondment arrangement. The contractor is also being granted a licence to occupy GFF. The contract requires the contractor to effect the following insurances:

- Workers' compensation insurance;
- Motor vehicle insurance;
- Professional indemnity insurance;
- Public and products liability insurance; and
- Property insurance.

MRU remain employed by Defence whilst performing duties for the contractor. The contractor is, however, responsible for supervising and directing the tasks performed by, and the acts and omissions of, MRU during the period such personnel are made available to the contractor.

WHAT CONTRACTOR INSURANCES SHOULD COVER MRU?

The ASDEFCON insurance clauses include an optional clause which deals with insurances for MRU. The template clause requires the contractor's insurances (as selected by the drafter) to provide cover to the MRU and the contractor for their respective liabilities for the acts and omissions of the MRU while the MRU are made available to the contractor for the purposes of the contract.

Drafters will need to select the liability insurances that are appropriate for the services that will be performed by MRU whilst under the supervision of the contractor. In this fictional scenario, drafters should select professional indemnity insurance, public and products liability insurance and motor vehicle insurance. Property insurance is not required to be selected because it is not a liability insurance, it is a first party property loss insurance. A first party property loss policy does not need to provide cover to, or for liabilities of, MRU.

Drafters will also note that the ASDEFCON insurance clause for MRU does not require the contractor to effect workers' compensation insurance for MRU. This is because the MRU are not employees of the contractor. The Commonwealth's own workers' compensation insurance, through Comcare, will continue to cover the MRU.

Disclaimer

The information in this publication is provided by Defence for the purpose of disseminating procurement guidance to its staff. While every effort has been made to ensure the guidance in this publication is accurate and up-to-date, any external user should exercise independent skill and judgment before relying on it. Further, this publication is not a substitute for independent professional advice and users external to Defence should obtain appropriate advice relevant to their particular circumstances.

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This publication should be attributed as the 'ASDEFCON Insurance Case Study #5'.

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