



# Injury protection for sole traders and contractors: WorkCover, TPD, income protection and more

**Author:** [Natali Gamlath-Perera](#)

**Email:** [natali@guardianinjurylaw.com.au](mailto:natali@guardianinjurylaw.com.au)

**Date:** Sunday October 26, 2025

Whether you're a sole trader or a contractor, it's important to understand what financial protection is available if you're injured at work. While some contractors may qualify for WorkCover, others will need to rely on private insurance options such as Total and Permanent Disability (TPD), income protection or trauma insurance.

This blog explains when you may be eligible for WorkCover and outlines the other types of disability insurance that can help you stay financially secure if you're unable to work due to injury or illness.

## Definition of a sole trader and contractor

Sole traders are individuals who own and operate a business. A sole trader can act as a contractor when performing work for clients on a contractual basis.

Contractors are self-employed individuals who provide a service under a contract as opposed to being employed by an individual or business. A contractor does not necessarily have to be a sole trader. They may operate through their own company, trust or partnership.

## Can contractors access WorkCover?

The circumstances of how a contractor is engaged by a business will determine their eligibility for WorkCover. If the contractual arrangement is considered an "employment relationship", the contractor may be deemed a worker under the *Workplace Injury Rehabilitation and Compensation Act 2013* ("the WIRC Act").

The contractor will generally be deemed a worker if:

- at least 80% of the contractor's services are supplied to the same principal/hirer; and
- the income from those services is at least 80% of the contractor's total income for the period of time those services are provided.

If a worker is engaged through a labour-hire company, they may be considered a contractor to the principal (the place they do their work) but would be an employee of the labour-hire company. If they are injured at work, they would ordinarily lodge their WorkCover claim through their actual employer (the labour-hire company).

## Can a sole trader access WorkCover?

Sole traders who own and operate their business on their own (without any employees) are not required to register for WorkCover. This is because they are not considered an employee of the business. Therefore, if you get injured at work as a sole trader, unfortunately, you are not eligible for WorkCover benefits.

## What about gig economy workers

Gig workers, otherwise known as on-demand workers, are those who undertake a short-term service for a company or a customer. Jobs such as ride sharing, food delivery, or one-off services usually involve gig workers. These services are often provided through a digital platform or app.

As gig workers are generally considered independent contractors, they are not usually covered by workers' compensation because they are not directly employed by an employer.

However, whether a gig worker has access to workers' compensation depends on their working conditions or contract. SafeWork Australia lists a range of factors (also mirrored by SafeWork Victoria) to determine whether a gig worker is considered a "deemed worker" for the purposes of workers' compensation eligibility, including the following:

- Work status - are you an independent contractor or employee of a business?
- Working flexibility – does the platform/app or client decide when, where and how you work or do you decide?
- Who provides the equipment and tools for the job?
- How income is paid – are you paid per task/gig (by invoicing) or through a wage/salary structure?
- Who is responsible for any damaged equipment or repairs?
- How the work is undertaken – does the work need to be undertaken by you or are you able to delegate the work to another individual

Dependent on assessment of the above factors (and others), a gig worker may be considered a "deemed worker" under the WIRC Act. Likewise, (and similar to the contractor eligibility outlined earlier), if 80% or more of a gig worker's services are provided to the same principal/hirer, they may also be a "deemed worker".

## Consider this scenario

If a food delivery rider works mainly for one app, must accept orders through the app's system, wears branded clothing, and has no independent clients, WorkSafe may find they are a deemed worker and therefore, eligible for workers' compensation if injured while working.

But if a driver uses multiple platforms, sets their own schedule, and manages their own costs and advertising, they're more likely to be considered an independent contractor and will not be eligible for workers' compensation.

If you're unsure if you're covered by workers' compensation when injured working as a gig worker, you should seek legal advice from a lawyer experienced in Victoria's WorkCover system. You will also be able to obtain advice about other options available to you (see below).

[FREE ADVICE FROM A PERSONAL INJURY LAWYER: 1300 700 761](#)

## Reforms being considered in Victoria for gig economy workers

At the time of writing, the Victorian Government (in conjunction with federal Fair Work reforms) are introducing stronger definitions of employment for gig and platform workers, moving toward greater protections and potential WorkCover access.

This will likely change the eligibility for gig workers to be covered by Victoria's WorkCover scheme. Notably, however, this has not yet been passed into law.

## What if I do not have WorkCover insurance?

If you're a sole trader or a contractor who is not covered by WorkCover insurance, you may have other options to claim compensation or financial assistance if you're injured at work or even outside the workplace.

### Total Permanent Disability (TPD) claim

Most Australians who work have [TPD insurance](#), either through their superannuation or directly with an insurer. TPD insurance typically pays a lump sum if you have to stop work due to injury or illness.

Notably, your injury or illness does **not** have to be work-related.

### Further reading

[•TPD claims – your complete guide](#)

[•Can I claim TPD if I've received a WorkCover or TAC payout?](#)

## Income protection claim

Similar to TPD insurance (although not as common), workers can take out [income protection insurance](#) to cover absences from work as a result of injury or illness. Like TPD insurance, the injury or illness does **not** have to be work-related.

Income protection benefits pay a percentage of your income, either for a set period or time or up until retirement. They usually have a waiting period before benefits commence (typically ranging from 30 to 90 days). The period of benefits and the waiting periods will be dependent on your specific policy.

Income protection insurance is a good option for sole traders as it provides financial protection while you can't work due to injury or illness, and can assist with:

- ongoing living expenses (rent, mortgage, bills);
- medical and rehabilitation expenses; and
- keeping your business running while you recover;

## Trauma insurance

Trauma insurance is another type of injury/illness insurance. It is far less common than TPD and income protection and is not usually provided through your super – it must be purchased directly from an insurer. Your injury or illness does **not** have to be work-related.

Trauma insurance pays a lump sum if you are diagnosed with a number of serious illnesses. The illnesses covered will be dependent on the individual policy but can include:

- heart attack;
- stroke;
- motor neurone disease (MND);
- multiple sclerosis (MS);
- cancer;
- brain injuries;
- Parkinsons disease; and others.

## TAC claims

If you're injured in a motor vehicle accident while working, [you may be able to make a TAC claim](#). TAC provides compensation for medical treatment, rehabilitation, loss of income and other support services following road accidents in Victoria.

Eligibility isn't limited to employees or road accidents while working. Sole traders and contractors injured while driving for work or travelling between jobs can also apply.

## Public liability claims

If your injury occurred in a public place or on private property where someone else's negligence was involved (for example, a fall in a shopping centre or an accident at a client's premises), [you may be entitled to compensation under their public liability insurance](#).

These claims can cover medical expenses, loss of income, and pain and suffering. Public liability may be an option for sole traders and contractors who aren't eligible for WorkCover but were injured due to unsafe conditions off-site or someone else's carelessness.

## Get help from an injury insurance lawyer

If you're a sole trader or contractor who's been injured or become unwell, understanding your options is key to protecting your livelihood (and your business).

At Guardian Injury Law, we can guide you through your entitlements under WorkCover and explore other available options such as TPD, income protection or trauma insurance. Our team understands the challenges of self-employment and will help you access the financial support you're entitled to, so you can focus on your recovery and getting back on your feet.

## Contacting Guardian Injury Law

[1300 700 761](tel:1300700761)

[enquiries@guardianinjurylaw.com.au](mailto:enquiries@guardianinjurylaw.com.au)

---

*This article is of a general nature and should not be relied upon as legal advice. If you require further information, advice or assistance for your specific circumstances, please contact us.*