

DEFENSE BASE ACT (DBA) FREQUENTLY ASKED QUESTIONS

WHAT IS THE DEFENSE BASE ACT (DBA)?

Established in 1941, the primary goal of the Defense Base Act was to cover workers on military bases outside the United States. Its purpose is to provide compensation for injury, disability or death to persons employed under a contract entered into with the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract, or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States.

The act was amended to include public works contracts with the government for the building of non-military projects such as dams, schools, harbors, and roads abroad. A further amendment added a vast array of enterprises revolving around the national security of the United States and its allies. Today, almost any contract with an agency of the U.S. government, for work outside the U.S., whether military in nature or not, will likely require Defense Base Act coverage.

WHO REQUIRES DBA COVERAGE?

1. Any employee working on a military base or reservation outside the U.S.
2. Any employee engaged in U.S. government funded public works business outside the U.S.
3. Any employee engaged in a public works or military contract with a foreign government which has been deemed necessary to U.S. National Security.
4. Those employees that provide services funded by the U.S. government outside the realm of regular military issue or channels.
5. Any employees of any sub-contractors of the prime or letting contractor involved in a contract like numbers 1-4 above.

WHAT ARE THE CONSEQUENCES OF NOT CARRYING DBA COVERAGE?

All government contracts contain a provision that requires contractors to obtain DBA insurance. Failure to do so will result in fines and possible loss of contract. The additional and most severe penalty is that employers without DBA coverage are subject to suits under common law, wherein common law defenses are waived. In other words, the claimants or their heirs need only file suit and do not have to prove negligence. Lastly, all claims may be brought in Federal Court and are against the insured directly.

THE REPUBLIC OF CROATIA HAS WORKERS' COMPENSATION LAWS WHEREBY EMPLOYER PROVIDED MANDATORY HEALTH INSURANCE AND HEALTH FUND COVER COMPENSATION FOR INJURY AND DISABILITY FOR ALL EMPLOYEES. DO WE STILL NEED TO PURCHASE DBA INSURANCE?

Yes. The Republic of Croatia is not listed on the Active DBA Waivers granted by the Secretary of Labor.

WHERE CAN I PURCHASE DBA INSURANCE?

The complete list of Authorized Carriers of Defense Base Act (DBA) insurance is provided at the Department of Labor's web page at this link: <https://www.dol.gov/owcp/dlhwc/lscarrier.htm>

DBA insurance can be purchased directly from the authorized carriers, however, that may be difficult. Many overseas contractors found it easier to purchase through insurance brokers who get quotes from the carriers on the client's behalf, but that may incur an additional cost in the form of a commission.

To find brokers, perform a search through an Internet search engine using the key words "purchase DBA insurance". Below are a few links to brokers resulting from an above said Internet search, but this list is in no way or means a complete listing of DBA insurance brokers nor should the list below be construed as an endorsement of these brokers. There are many more brokers not listed herein through whom you may purchase DBA insurance, and you are free to purchase it directly from the carrier or a broker of your choice.

https://www.travelinsurancecenter.com/eng/information/cm_home.cfm?line=defbase
<https://www.bbgbroker.com/what-are-dba-insurance-rates/>
<http://www.dbainsurancequote.org/2015/10/28/dba-insurance-specialist-services/>
<http://www.aig.com/business/insurance/casualty/multinational-casualty/defense-base-act-or-dba>
<https://www.clements.com/intl-specialty-commercial/dba-workers-comp>

ARE THE INSURANCE POLICIES FOR PROPERTY DAMAGE AND BODILY INJURY WHICH OUR COMPANY HAS ACCEPTABLE IN LIEU OF DBA INSURANCE?

No. The prospective contractor's employees must be covered by DBA insurance in addition to any other types of insurance required by local law or that are ordinarily or customarily obtained in the location of the work. Other insurance policies may supplement, but cannot substitute for the mandatory DBA cover.

OUR COMPANY HAS MANY EMPLOYEES WHO WILL NOT BE ENGAGED IN PROVIDING THE CONTRACTED SERVICE TO THE U.S. GOVERNMENT. WHICH OF OUR EMPLOYEES MUST BE INSURED THROUGH DBA – EMPLOYEES WHO WILL ACTUALLY BE PROVIDING THE SERVICE(S) OR ALL EMPLOYEES REGARDLESS OF THEIR INVOLVEMENT IN THE PROVIDING SERVICES TO THE GOVERNMENT?

DBA coverage is required for all personnel working on the contract to include American citizens, individuals hired in the United States or its possessions, regardless of citizenship, Host Country Nationals (HCNs) and Third Country Nationals (TCNs) working overseas, unless a country/territory specific waiver has been granted by the Secretary of Labor.

WHAT TYPE OF COVERAGE IS REQUIRED UNDER DBA INSURANCE?

Coverage is required for injury, disability or death to persons employed under a contract entered into with the United States or any executive department, independent establishment, or agency thereof.

IS THERE A MINIMUM OR MAXIMUM NUMBER OF EMPLOYEES WHO MUST BE DBA INSURED?

No.

ARE DBA INSURANCE PREMIUM RATES FIXED OR REGULATED?

No. Premiums are not set by, nor regulated by the Department of Labor. Insurance carriers set the rates independently. Many insurance carriers will have a minimum, as for any other insurance.

WHAT ARE THE BENEFITS OF THE DEFENSE BASE ACT?

Much like regular workers' compensation, the benefits include medical, permanent and temporary disability, and death. Benefits apply whether the injury happened while you were at work or not.

WHERE CAN I FIND OUT MORE ABOUT DBA INSURANCE?

You can find out more about DBA insurance at the Department of Labor's Division of Longshore and Harbor Workers' Compensation (DLHWC) web page at this link: <https://www.dol.gov/owcp/dlhwc/FAQ/DBAfaqs.html> or search the web with a search engine using the key words "DBA Insurance".

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