

**Defense Base Act Workers' Compensation Insurance Coverage  
A Guide for U.S. Contractors in Iraq**

All U.S. government contractors and subcontractors working outside the United States must secure workers' compensation insurance for their civilian employees, including U.S. citizens, as well as third-country and local nationals. This insurance is referred to as "Defense Base Act" (DBA), named after the 1941 legislation that establishes the coverage requirements.

Reconstruction contracts in Iraq are potentially attractive for U.S. firms but they also contain a certain element of risk, which makes it critical that contractors clearly understand DBA requirements before agreeing to an overseas assignment.

For example, even a subcontractor sending only two employees overseas for a short period of time must provide coverage. Subcontractors need to make sure that the main contractor has the traveling personnel covered and, if not, the subcontractor must obtain and carry the insurance.

Generally, a waiver may be granted by the U.S. Department of Labor in order to exclude local nationals from DBA coverage. At this time, however, the waiver is not available for Iraq because there is no existing local workers' compensation law in Iraq to provide coverage for the local and third country national employees.

With regard to price, the risks associated with working in Iraq make the cost for DBA insurance higher than normal domestic workers' compensation. The price will differ from one area to another according to the overall level of security in a given spot. Additionally, total price will depend on the number of employees deployed and the type of assignment being carried out for the U.S. government.

DBA benefits include:

- Medical Treatment
- Loss of Wages Reimbursement
- Disability and Death Benefits

Among the first steps a U.S. company pursuing business in Iraq should take is to contact a broker familiar with DBA insurance. Contractors should use an insurer that has a strong local or at least regional overseas office network; in the case of an accident that results in a claim, it is imperative that the carrier be able to react to the situation as quickly as possible.

There are four major insurance carriers currently providing DBA coverage in Iraq: AIG, ACE-USA, CNA, and Chubb. For a listing of additional DBA insurance carriers, visit: <http://www.dol.gov/esa/owcp/dlhwc/lscarrier.htm>.

For more information on the Defense Base Act, visit the U.S. Department of Labor's website at: <http://www.dol.gov/esa/owcp/dlhwc/ExplainingDBA.htm> or contact Mr. Jack Martone at tel. (202) 693-0925, e-mail: [Martone.John@dol.gov](mailto:John.Martone@dol.gov).

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