



DEFENSE BASE ACT PROGRAM

Thank you for your recent request for information on the Defense Base Act Insurance. We hope that the following summary will aid you in understanding DBA coverage.

Rutherford is a full service insurance broker with many years of experience in all areas of the industry. We stand ready to provide our expertise in addressing any insurance related concern that you may have.

Rutherford International protects clients all over the world, with insurance and risk management programs to suit most any situation. We are experienced in arranging plans and services in virtually any country, using our knowledge to design the best solutions to protect you, your employees and your business.

Rutherford International is the designated administrative broker for the U.S. Agency for International Development and the Department of State. We provide DBA Workers' Compensation coverage at a set rate. Our Risk Consulting practice will guide you through the application process.

For more information, please visit our website at:

http://www.rutherford.com/International/international_frameset.htm



DEFENSE BASE ACT COVERAGE (DBA)

1. What is the Defense Base Act (DBA)?

DBA is U.S. Code (1946) Title 42 Sections 1651-5 (Public Law 208, 77th Congress, as amended) with provisions applicable to the Longshore Workers Compensation Act. U.S. Code (1946) Title 33, Sections 901-49. DBA Workers Compensation is required for employees hired under a US Government contract with performance of work outside the United States and Canada. Coverage is mandatory for all employees unless a waiver is obtained from the Department of Labor for Third Country Nationals and Locals.

2. What is Workers Compensation Insurance?

Social insurance which provides that employees may collect from their employer for injuries sustained in the course of their employment and to pay benefits to dependents of employees killed, in the course of and because of their employment.

3. What Workers Compensation benefits do employees receive?

Benefits payable to the injured employees attempt to cover most of the workers economic loss. This loss includes both loss of earnings and extra expenses associated with the injury. Specifically the benefits provided are:

CASH BENEFITS, which include both impairment benefits and disability benefits. The former are paid for certain specific physical impairments, while the latter are available whenever there is an impairment and a wage loss.

In considering workers' compensation income or cash benefits - which replace employee loss of income or earning capacity due to occupational injury or disease - four classifications of disability are used:

- (1) temporary total - that is, the employee although totally disabled during the period when benefits are payable is expected to recover and return to employment.
- (2) permanent total - generally indicates that the employee is regarded as totally and permanently unable to perform gainful employment.
- (3) temporary partial - is a condition which results in a partial loss of earning power but from which recovery can be expected.
- (4) permanent partial - is a condition which actually or presumptively results in partial loss of earnings power.

MEDICAL BENEFITS, which are usually provided without dollar or time limits for physicians, hospital, nursing services and medication. In the case of most work place injuries, only medical benefits are provided since substantial impairment or wage loss is not usually involved.

REHABILITATION BENEFITS, which include both medical rehabilitation and vocational rehabilitation for those cases involving severe disabilities and is considered an integral part of complete medical treatment.

4. Are there benefits for fatal injuries?

Yes. Benefits provided include a burial allowance as well as a proportion of the worker's former weekly wages.

5. Can employees name a beneficiary to receive survivor benefits?

No. This is not life insurance where we name one or more persons to receive payment. Death benefits are generally paid to the spouse until remarriage and to the dependent children.

6. What income benefits do employees receive if temporarily or permanently totally disabled while covered under DBA Workers Compensation insurance?

- (a) Percent of Wages - 66 2/3%
- (b) Maximum Weekly Payment - \$1,030.78 (10/01/03)
- (c) Minimum Weekly Payment - No Minimum
- (d) Time Limit - Length of Disability

7. What income benefits under DBA do employee's spouse and children receive in the event of death?

- (a) Percent of Wage
Spouse plus Children - 66 2/3%
Spouse only - 50%
- (b) Maximum Weekly Payment
Spouse plus Children - No maximum for death benefits
Spouse only - No maximum for death benefits
- (c) Time Limit - To spouse for life or remarriage. Children to age 18 or if student to age 23

(d) Maximum burial allowance - \$3,000

8. Does the coverage provide Repatriation Coverage?

Yes. Repatriation coverage with respect to any one employee is included under the DBA policy. The limit will vary by insurance carrier.

9. What is repatriation and what does it cover?

The company agrees to reimburse the employer for such additional expenses as reasonably may be incurred over and above normal transportation costs for repatriation of employees suffering from injuries or diseases covered by the Policy (including the bodies of employees injured fatally) from the Designated Country and/or Location of Operations to the destination in the United States of America or Canada, if such repatriation is deemed necessary in the opinion of competent medical authorities.

10. Is there War-risk Coverage?

No premium is charged for war-risk hazard, it is understood that the United States Government self-insures the exposures falling under the War Hazards Compensation Act.

11. How is the premium computed?

Premium is computed per \$100 of remuneration. "Remuneration or payroll" means the entire remuneration, whether paid in money or a substitute for money for services rendered by an employee. Employee remuneration is defined as direct salary plus overseas recruitment incentive and post differential but excluding per diem, travel expenses, housing allowance, temporary quarters allowance, education allowance and other miscellaneous post allowance.

12. What are the current rates used to compute the premium?

Rates vary by insurance carrier based on what services you are providing and what countries you are traveling to, etc.

13. Are Third Country and Local Nationals insured under the policy?

Yes, unless the government entity you are working for has obtained a "waiver" and/or the country of origin for the TCN you hire is on the Dept of Labor "waiver" list.



14. How do I report a claim?

A claim form and instructions are sent with all new policies. In the event of a claim the following must be done: a copy of the LS 202 (Employers First Report of Injury) is to be filed with the insurance carrier providing your DBA coverage who then files with the Department of Labor. All current medical bills should be sent with the LS 202.

These questions and answers are intended to help you understand Defense Base Act Worker's Compensation but do not provide a complete picture of DBA Workers Compensation. The policy documents should always be reviewed for full coverage details. Should you have any additional questions, please direct your inquiries to Rutherford International, Inc.

Sara Payne
Rutherford International, Inc.
5500 Cherokee Avenue
Suite 300
Alexandria, VA 22314

Phone: (703) 354-1616
(800)-274-0268 (U.S. only)
Fax: (703) 354-0370
E-mail sara.payne@rutherford.com