

# DO YOUR DUTY:

## Insurance Coverage and Meeting Duty of Care Obligations for Government Contractors

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**As the world becomes increasingly interconnected, the need to conduct business internationally by sending employees abroad is also growing and starting to shift back to pre-pandemic normal. But what happens when a government contractor sends workers to a global region with civil unrest or employees are caught in the middle of armed conflict? Is your organization prepared?**

While working in another country, employees may be more exposed to precarious environments that put their health and safety at risk. This heightens the liability of government contractors who have a moral and legal obligation of Duty of Care to their employees. Duty of Care is a standard, which government contractors must adhere to even though the government does not provide specific guidelines to follow.

Duty of Care means that employers must protect employees from situations that expose them to safety, security, and health hazards. Under the law, government contractors must avoid the risk of reasonably foreseeable injury or exposures that negatively impact employee health.

Many government contractors conduct operations across borders without fully understanding the risks and their Duty of Care obligations. At best, this unfamiliarity makes it more difficult to map out emergency preparedness efforts, and at worst, it endangers people's lives.

Preparation efforts should include an understanding of how insurance plans can mitigate health, safety, and security risks to employees working abroad. Though you might think that providing global benefit plans to employees is a good starting point, this may not be enough to meet the Duty of Care standard. It's important to understand the extent of coverage provided by global benefit plans.

## Here are a few situations in which global benefits are not enough:

### THE EMPLOYEE HAS OTHER BENEFITS

If an employee has coverage via spouse/partner, parent, TRICARE, or MEDICARE, the other coverage may not offer coverage overseas or exclude it. This would leave the employee without coverage while on assignment.

### EVACUATION COVERAGE

Global benefit plans do not provide coverage in instances employees need to be brought back home due to political and civil unrest or war risk.

### ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)

If an employee has a significant loss of life or limb, global medical will not provide any payout, leaving the employee or family at a financial loss.

### COORDINATION OF BENEFITS

There are several corporate insurance policies that provide coverage for some, if not all, of the potential pitfalls of working overseas. Global medical does not always play well in the sandbox with other carriers. Because of this, employees might end up playing a guessing game about where to go or who they should contact when emergency strikes. This lack of clarity could easily be the difference between life and death.

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Let's Take a Look:



## **Defense Base Act**

Government contractors that employ workers abroad may be subject to the Defense Base Act (DBA). The DBA requires government contractors provide workers' compensation insurance that meets DBA requirements. Penalties for non-compliance with DBA can be severe. DBA insurance provides coverage similar to workers' compensation insurance and typically covers medical expenses while also providing AD&D benefits. It also covers workers who have incidents occur during the course of employment, both on and off work hours.

## **Global Medical**

Global medical plans provide health coverage for individuals and family members living outside the US for extended periods of time. However, these plans come with caveats. Exclusions of coverage usually include injuries sustained during acts of war, terrorist attacks, civil unrest, explosions, and military attacks. Many global medical plans also have additional exclusions beyond those listed above.

## **Special Risk**

While traditional insurance plans provide coverage based on predictable risks, special risk insurance fills the coverage gaps for people exposed to unusual, work-related risk factors like global terrorism and civil unrest for prolonged periods of time. Special risk plans may cover emergency medical evacuation and AD&D, even when these incidents occur as a byproduct of war or terrorism.

## **Business Travel Accident**

Business travel accident (BTA) insurance is coverage that is designed to offset the risk and potential loss of key employees. It also provides compensation to families of employees for loss of income due to AD&D of a loved one. This type of coverage is good to consider for employees traveling to very high-risk areas. BTA plans can cover AD&D, emergency medical evacuation, security evacuation, kidnapping, ransom, and more. Not all business travel accident plans are created equal, so be sure to look into the limitations of the plans you're considering.

## **Personal Accident**

If your employees have an accident while living abroad, they should not have to worry about lost wages or how to pay for medical expenses from an injury. Personal accident insurance can help cover these costs and can also help provide for their loved ones in the case of an incident, whether it occurs on or off the job. Personal accident plans can cover AD&D, accidental injuries sustained while travelling to other countries, medical expenses, and much more.

When organizations must rely on outside partners to assist them with their Duty of Care obligations, it's crucial that the vendors are aligned with the organization's goals. In the case of insurance, coordinate benefits so you minimize overlap while checking for blind spots in coverage. A lot is on the line if you fail to provide adequate protections to your employees but knowing which plans to purchase might seem like a daunting task.

If you're exploring your options and don't know where to start, talk to your advisor to ensure you have the peace of mind you need and the protection your employees deserve.

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### Co-Authored by:



**Felicia Thorpe**  
Managing Advisor,  
Commercial Risk - AHT  
[Felicia.Thorpe@ahtins.com](mailto:Felicia.Thorpe@ahtins.com)  
703.554.6278



**Tara Pellet**  
Managing Advisor,  
Employee Benefits - AHT  
[Tara.Pellet@ahtins.com](mailto:Tara.Pellet@ahtins.com)  
703.554.6297