

Labor & Employment Law Tidbit Series: Worker's Compensation Insurance for Federal Contractors

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In the aftermath of Hurricanes Irma and María, various U.S. agencies have used private contractors to assist in the relief efforts in Puerto Rico. All private contractors performing work under a federal government contract in Puerto Rico are required to obtain a worker's compensation insurance policy.

Puerto Rico employers who have disaster relief contracts with federal agencies often ask if they must obtain coverage under the Defense Base Act (DBA), which provides, among other things, for worker's compensation insurance for employees of U.S. Government Contractors working overseas, or, in the alternative, with the State Insurance Fund Corporation of Puerto Rico (SIF).

Generally, which of these insurance options should private contractors select to cover for any work-related accidents suffered by their employees while working in Puerto Rico will depend on the specific provisions and requirements established in the contract between the federal government and the private contractor. If the U.S. government contract requires insurance coverage with the DBA, there is no obligation to cover employees with the SIF. On the other hand, the contract may specify that the worker's compensation insurance should be obtained locally with the SIF. There is no need to cover employees with both insurances. Subcontractors shall follow the same directives.

Private contractors are encouraged to review their federal contracts carefully to determine the specific requirements regarding workers' compensation coverage of employees while working in Puerto Rico.

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