101

AMENDMENT TO H.R. 5658, AS REPORTED

OFFERED BY Cooper

Page 353, after line 11, insert the following:

1 **SEC. 849. REQUIREMENT FOR DEPARTMENT OF DEFENSE**
2 **TO ADOPT AN ACQUISITION STRATEGY FOR**
3 **DEFENSE BASE ACT INSURANCE.**

4 (a) IN GENERAL.—The Secretary of Defense shall
5 adopt an acquisition strategy for insurance required by the
6 Defense Base Act (42 U.S.C. 1651 et seq.) which mini-
7 mizes the cost of such insurance to the Department of De-
8 fense.

9 (b) CRITERIA.—The Secretary shall ensure that the
10 acquisition strategy adopted pursuant to subsection (a)
11 addresses the following criteria:

12 (1) Minimize overhead costs associated with ob-
13 taining such insurance, such as direct or indirect
14 costs for contract management and contract admin-
15 istration.

16 (2) Minimize costs for coverage of such insur-
17 ance consistent with realistic assumptions regarding
18 the likelihood of incurred claims by contractors of
19 the Department.

1 (3) Provide for a correlation of premiums paid
2 in relation to claims incurred that is modeled on best
3 practices in government and industry for similar
4 kinds of insurance.
5 (4) Provide for a low level of risk to the De-
6 partment.
7 (5) Provide for a competitive marketplace for
8 insurance required by the Defense Base Act to the
9 maximum extent practicable.
10 (c) OPTIONS.—In adopting the acquisition strategy
11 pursuant to subsection (a), the Secretary shall consider
12 the following options:
13 (1) Entering into a single Defense Base Act in-
14 surance contract for the Department of Defense.
15 (2) Entering into a single Defense Base Act in-
16 surance contract for contracts involving performance
17 in theaters of combat operations.
18 (3) Entering into a contract vehicle, such as a
19 multiple award contract, that provides for competi-
20 tion among contractors for categories of insurance
21 coverage, such as construction, aviation, security,
22 and other categories of insurance.
23 (4) Using a retrospective rating approach to
24 Defense Base Act insurance that adjusts rates ac-

1 cording to actual claims incurred on a cost reim-
2 bursement basis.
3 (5) Adopting a self-insurance approach to De-
4 fense Base Act insurance for Department of Defense
5 contracts.
6 (6) Such other options as the Secretary deems
7 to best satisfy the criteria identified under sub-
8 section (b).
9 (d) REPORT.—(1) Not later than 180 days after the
10 date of enactment of this Act, the Secretary shall submit
11 to the Committees on Armed Services of the Senate and
12 the House of Representatives, the Committee on Home-
13 land Security and Governmental Affairs of the Senate,
14 and the Committee on Oversight and Government Reform
15 of the House of Representatives a report on the acquisi-
16 tion strategy adopted pursuant to subsection (a).
17 (2) The report shall include a discussion of each of
18 the options considered pursuant to subsection (c) and the
19 extent to which each option addresses the criteria identi-
20 fied under subsection (b), and shall include a plan to im-
21 plement within 18 months after the date of enactment of
22 this Act the acquisition strategy adopted by the Secretary.
23 (e) REVIEW OF ACQUISITION STRATEGY.—As consid-
24 ered appropriate by the Secretary, but not less often than
25 once every 3 years, the Secretary shall review and, as nec-

1 essary, update the acquisition strategy adopted pursuant
2 to subsection (a) to ensure that it best addresses the cri-
3 teria identified under subsection (b).