



TRANSMITTAL

U.S. DEPARTMENT OF LABOR  
Employment Standards Administration  
Office of Federal Contract  
Compliance Programs

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Number: 10

Date: March 26, 1982

OFCCP Order No. ADM 82-2/JUR

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1. **SUBJECT:** Liberty Mutual Insurance Company v. Friedman
  
2. **PURPOSE:** States Policy concerning coverage of insurance companies who supply worker' compensation coverage to Federal contractors.
  
3. **ORIGINATOR:** Office of the Director.
  
4. **DISTRIBUTION:** R, S, T, X
  
5. **BACKGROUND:** As a matter of policy, OFCCP has determined to acquiesce in the holding of Liberty Mutual Insurance Company v. Friedman, 639 F. 2d 164 (4<sup>th</sup> Cir. 1980). The case raised the issue of whether there is authority under Executive Order 11246 for OFCCP to assert jurisdiction over an insurance company subcontractor (Liberty Mutual) which supplied workers' compensation insurance to a prime Federal contractor. The court held that the application of the Executive Order to Liberty Mutual exceeded OFCCP's authority. Accordingly, OFCCP does not have the authority to entertain complaints or conduct compliance reviews of insurance companies who have no other nexus with the Federal procurement system than to supply workers' compensation insurance to other Federal contractors.
  
6. **POLICY:** OFCCP will no longer assert Executive Order coverage over insurance companies because of a contract to supply workers' compensation insurance to a Federal contractor. Accordingly, all complaints or compliance reviews involving the workers' compensation jurisdictional issue should be closed immediately. We have asked the Solicitor to return to your region any cases referred to him which raise this issue.

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(formerly 940b2)

Any questions concerning policy interpretation regarding Liberty Mutual should be referred to the Office of the Director.

7. **CANCELLATION:** Continuing until rescinded

(signed) John C. Fox for Ellen M. Shong

March 27, 1982

ELLEN M. SHONG

Date

Director