

FIS quick guide to

D&O Insurance

This quick guide highlights some of the most relevant items in D&O insurance. Please contact your insurance broker if you have specific questions or check the policy conditions which are attached to your D&O policy.

What topics are covered in these slides?



Contents

- Protecting your personal assets!
- Coverage structure
- Coverage structure from a claims perspective
- Who are insured?
- What is covered ?
- What is excluded?
- Policy Extensions

Protecting your personal assets!



A directors' and officers' liability insurance (D&O) provides protection for the personal assets of the directors and officers in case they are held personal liable by a third party to compensate for loss caused by wrongful acts committed in their capacity as director or officer.



Coverage structure



A D&O insurance is built around one or more insuring clauses commonly known as Side A, B and C. These insuring clauses together represent the main coverage of the D&O insurance.

- Side A covers the personal liability of the D&O's in case the company does not provide indemnification.
- Side B reimburses the company incase the company provides indemnification to the D&O's.
- Side C covers security claims against the company.

Side A

Personal
Liability of
D&O's

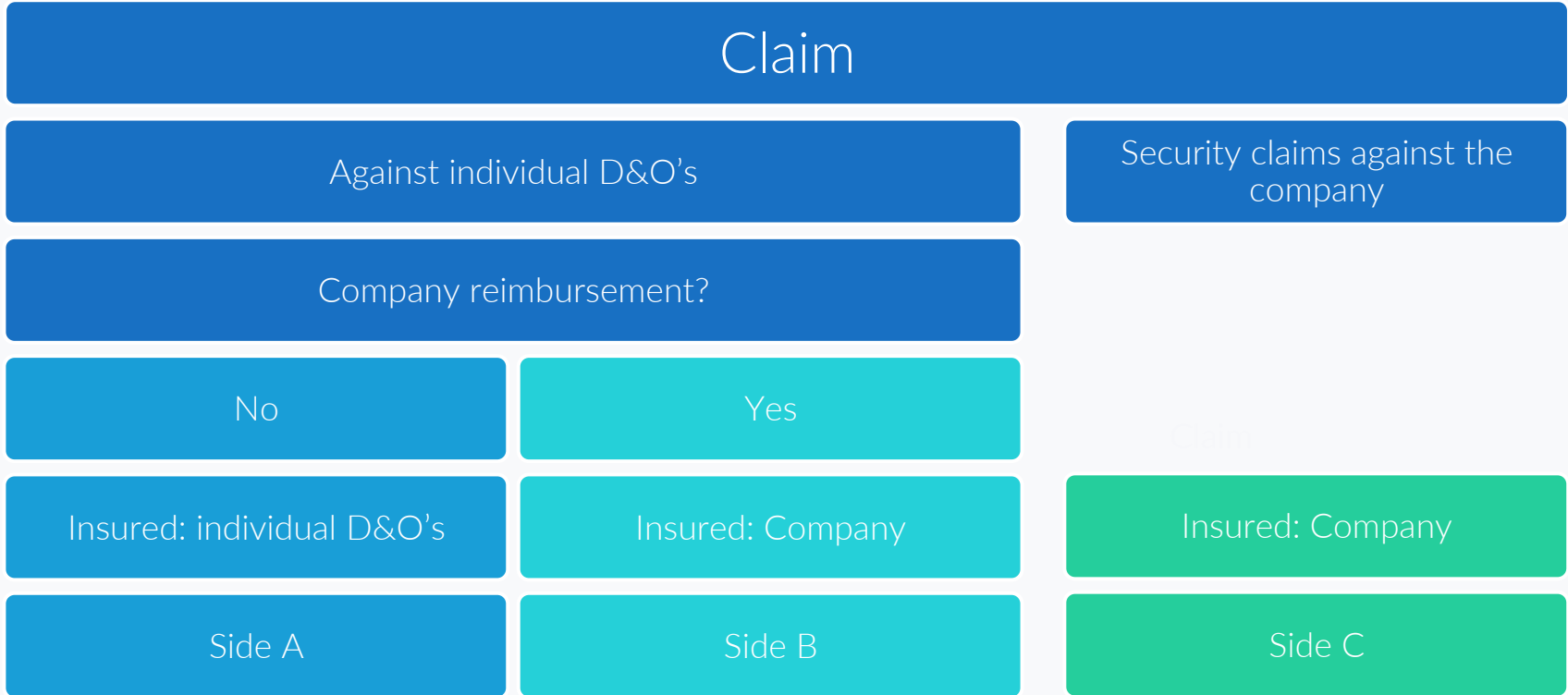
Side B

Company
Reimbursement
to D&O's

Side C

Security claims
against the
company

Coverage structure from a claims perspective



Who are insured?



The insured parties under a D&O insurance are the following:

Natural persons

- Past, current en future Directors and Officers;
- Employees with a managerial or supervisory position;
- Employees in the capacity of co-defendant in claim against an Director or Officer;
- Employees in the capacity of compliance officer;
- Employees in the capacity of risk manager.

Company

- Policyholder;
- Subsidiaries (majority share / management control)

What is covered ?



The following financial loss components are covered under a D&O insurance:

- Damages that the insured is legally liable to pay;
- Settlements negotiated with the prior consent of the insurer;
- Defence costs.

Additional coverages:

- (pre) Investigation costs;
- Fines and penalties (as far as insurable by law);
- Civil and Bail bond expenses;
- Reputational recovery costs.

D&O Insurance

What is excluded?



The D&O insurance will be subject to certain exclusions such as:

- Conduct exclusion;
 - Financial advantage / gaining profit to which the insured is not entitled;
 - Intentional criminal acts / deliberately fraudulent act by an insured.

Note: exclusion subject to final adjudication.
- Prior or pending litigation (prior to the inception date / prior to specific date mentioned in policy);
- Property Damage / Bodily Injury (defence cost covered due to carve back);
- Insured vs Insured (exclusion in Europe typically limited to US claims);
- Environmental Pollution (defence cost covered due to carve back).

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Policy Extensions



Depending on the scope of coverage a D&O insurance may include the following extensions:

- Extended Reporting Period;
Pre agreed terms on which the period in which claims may be reported to the insurer can be extended (up to 72 months).
- Marital Estates;
Claims against lawful spouses or domestic partners solely in their capacity as such.
- Estates / Heirs / Legal representatives;
Claims against estates / heirs / legal representatives of the insured person with respect to wrongful acts committed by the insured person.

Policy Extensions continued



Depending on the scope of coverage a D&O insurance may include the following extensions:

- **Outside Entity Executives / Outside Directorships Liability;**
D&O coverage for employees who at the specific request of the company serve as a Director or Officer of an outside entity (coverage is double XS: D&O coverage of the outside entity will prevail + coverage only for the Outside Entity Executive and not for the other D&O's of the outside entity).
- **Company Investigations;**
The D&O insurance pays for the fees, costs and expenses incurred with the consent of the insurer with respect to investigations into the affairs of the company.

Policy Extensions continued



Depending on the scope of coverage a D&O insurance may include the following extensions:

- Excess Limit of indemnity for Non-Executive Directors;
Provides an additional limit of indemnity to the non-executive directors in case the regular limits have been exhausted.
- Civil or Bail bond expenses.
The insurer will pay on behalf of the insured the expenses for civil or bail bonds which are directly related to a covered claim under the D&O insurance.
- Retired officers
In case the D&O insurance is not renewed or replaced by the company, the directors and officers who have “retired” from the company are entitled to an extended reporting period (up to 10 years).



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