

FIS quick guide to

# D&O Structures

This quick guide highlights one of the most relevant technical design 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

- Coverage structure
- Directors' and Officers' Liability insurance (D&O) structuring simple as ABC?
- ABC structuring considerations

# 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 in case 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

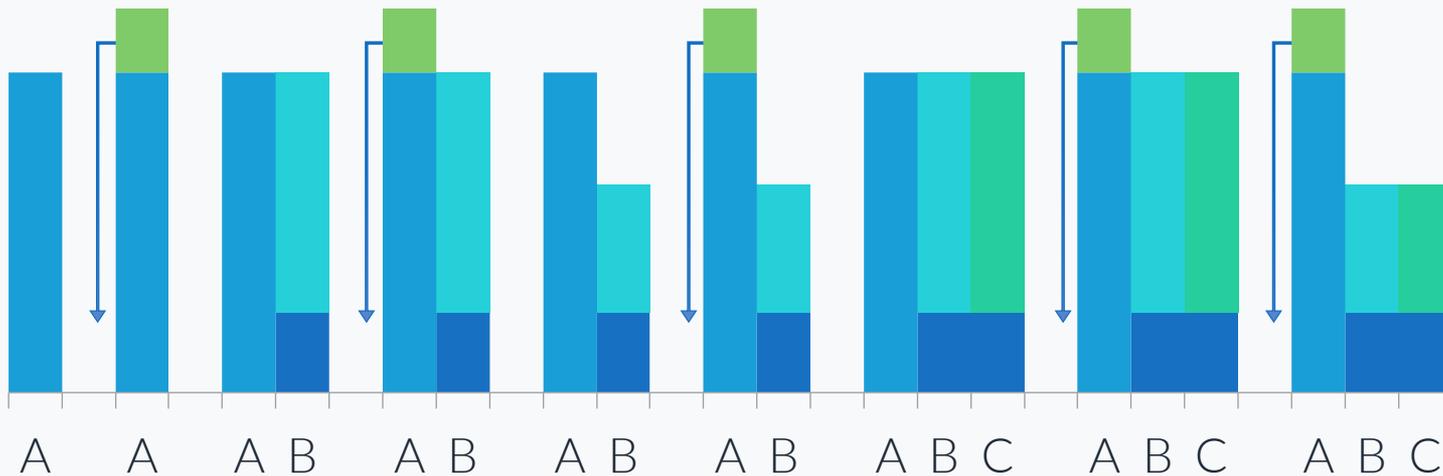
## Side B

Company  
Reimbursement  
to D&O's

## Side C

Security claims  
against the  
company

# D&O structuring simple as ABC?



Side A Limit

Side B Limit

Side C Limit

Side A DIC Limit

Deductible

# ABC structuring considerations



**When choosing your D&O structure the following considerations could be taken into account:**

- Required level of personal protection (Side A);
- Required level of company balance sheet protection;
  - Side B for company reimbursements to the D&O's;
  - Side C for the security claims against the company;
- The chosen insuring clauses (Side A, B and/or C) will share one total limit of indemnity;
  - A Side C claim can fully erode the limit of indemnity, leaving no coverage for a sub sequential side A or B claim and vice versa.

Example: companies with very strong balance sheets might opt for Side A only programs or AB/ABC programs with lower B/BC limits and/or higher deductibles. While D&O's of companies with less strong balance sheets might opt for additional Side A DIC insurance to increase the protection of their personal assets.



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