



Financial Guaranty Insurance Brokers, Inc.

COVERAGE FOR:

PUBLIC COMPANIES / PRIVATE COMPANIES / NOT-FOR-PROFIT ORGANIZATIONS

'Side A' Excess Directors and Officers (D&O) Liability Insurance

In a business environment characterized by strict corporate governance and emerging exposures, directors and officers face greater *personal* liability than ever before.



Consider: When a company's directors and officers are sued, what protection do they have when the organization:

- Fails or refuses to indemnify a director or officer, even if it has an obligation to do so and is financially solvent?
 - Is sued along with the directors and officers, and the directors and officers (D&O) liability insurance policy limits are consumed by the policy's entity coverage, leaving no coverage for the directors and officers?
-
- Is financially unable to indemnify its directors and officers against claims made against them?
 - Is prevented by law (domestic or international) from indemnifying its directors and officers for the particular claim at issue?

The frightening answer could be *none*-unless the directors and officers have D&O liability insurance with their own *dedicated limit of liability*. Whereas most claims against directors and officers are indemnified by the organization, if the organization is *unwilling* to indemnify, *unable* to indemnify, or *legally prohibited* from indemnifying, the personal assets of the directors and officers could be at risk.

The Solution: Directors and Officers (D&O) Liability Insurance

Directors and Officers (D&O) Liability Insurance can help protect the personal assets of directors and officers by covering claims where the corporate entity is unwilling or unable to provide indemnification to its leadership team.

Directors and Officers (D&O) Liability Insurance provides broad form "Side A" (Clause 1) excess D&O liability coverage, featuring difference-in-conditions (DIC) drop-down coverage that fills in potential coverage gaps that may exist under restrictive or unresponsive underlying insurance.

Coverage Highlights:

Smooth excess policy structure includes a broad definition of "drop-down event" so the policy responds when an underlying insurer denies coverage or provides written intent to deny coverage.

No bodily injury, property damage, or pollution exclusions.

Broad definition of loss addresses Sections 11 and 12 of the Securities Act of 1933 and certain provisions of the Foreign Corrupt Practices Act.

Innovative, narrow organization v. insured person exclusion targets "collusive" internal claims only.

New conduct exclusions- will pay defense costs through a final adjudication.

Broad definition of claim includes arbitration and mediation proceedings; requests for extradition; investigation or interview of an injured person; Wells Notices; and defense costs coverage for certain subpoenas.

Unique acquisition threshold-Our form automatically adopts the most generous acquisition threshold of any underlying insurance.

Guaranteed run-off quote provided upon request.

Enhanced outside directorship liability coverage is automatic for all private company and not-for-profit outside directorships; public company outside directorships may be added by endorsement.

New prior notice construction-Your company may have "given notice" of a potential claim under a prior D&O policy; however, if that notice was not "accepted," Directors and Officers (D&O) Liability Insurance would not exclude that claim from coverage based on the prior notice exclusion.

Non-rescindable and non-cancelable policy except for non-payment of premium.

Full severability, meaning that no knowledge possessed by one insured person is imputed to any other insured person.

Additional Coverage to Consider:

"Director Protector" Endorsement-Transforms Directors and Officers (D&O) Liability Insurance into independent director liability (IDL) coverage. This innovative option can also:

- Allow organizations to tailor coverage to the precise needs of directors by designating limits for specified board committees.
- Be used on any excess layer of the "Side A" tower on Directors and Officers (D&O) Liability Insurance or the Excess form.

The Advantage

Market leadership-For more than 20 years, organizations have entrusted their complex D&O liability risks to FGIB. Our depth of understanding of directors' and officers' roles and exposures allows us to provide bold, clean, broad coverage that stands out in the market.

Full suite of D&O liability coverage options-FGIB is one of the few insurers that can offer organizations a complete spectrum of D&O liability insurance solutions for organizations and individuals.

Multinational D&O liability capabilities-Regardless of where an organization has operations, our worldwide expertise and local presence enables us to solve complex multinational leadership protection problems that most insurers shy away from.

Don't Take a Chance

Litigation over the actions and decisions of corporate leaders can last for years and cost millions of dollars. No company wants this financial burden to become the personal responsibility of its leaders in the event the company cannot indemnify them, either because of the nature of the allegations or as a result of the company's insolvency.

Financial Guaranty Insurance Brokers, Inc.

709 East Colorado Blvd., Ste. 230

Pasadena, California 91101

Tel. No. (626) 793-3330

Fax:(626) 793-1886

fgib@fgib.com