

# COVERAGE SNAPSHOT: DIRECTORS & OFFICERS LIABILITY

You've probably heard the term Directors and Officers Liability or D&O, but what exactly is it and why is it important you and your business?

Directors & Officers Liability is an insurance policy that protects both the personal assets of individual Directors and Officers of a company, as well as the corporate balance sheet for the company they work for.

**Most D&O Liability policies include three major coverage components, which are universally recognized as:**

**A**

## INSURING CLAUSE A

aka Side A - Protects the personal assets of the individuals Directors & Officers for scenarios where the company they work for is unable to indemnify them.

**B**

## INSURING CLAUSE B

Policy reimburses the company for indemnification provided to individual D&O's.

**C**

## INSURING CLAUSE C

Policy reimburses the company for claims where the company is named, subject to the exclusions in the policy. *Note that for publicly-held companies, the Coverage C is only available for securities claims against the entity.*

Equally as important as understanding the basic tenants of a D&O policy is recognizing the impact that individual definitions, exclusions, or conditions can have on any given claims scenario. It is the job of a trusted insurance advisor to strengthen, as much as possible, definitions, such as Claim or Loss while restricting, as much as possible, exclusions, such as Fraud exclusions Entity versus Insured exclusions.

[Contact us to learn more about our Management Liability Practice and expertise.](#)

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