Side A D&O insurance is insurance to protect individual D&Os

Almost all public companies purchase corporate D&O insurance that provides coverage for individual Directors & Officers as well as the corporation. Most of these insureds would be well served by purchasing a separate, dedicated Excess Side A *policy protecting the individuals only*.

The key reason for this is that significant litigation involving D&Os often involves the corporation as well. The most typical example would be a Securities Class Action where it is not unusual to see the corporation, the CEO and CFO named. Other times there may be specific allegations against one or two directors, followed by ensuing litigation against the company itself, and / or other board members alleging failure to prevent or identify the alleged bad behaviour. In either case, and numerous other examples, the corporation itself will use up policy limits at the same time as individual D&Os. Purchasing a Side A policy ensures that some limits are preserved for individual D&Os and cannot be eroded by claims against the corporation.

In addition to the preservation of limits, the Excess Side A policy also increases overall limits. If the corporate D&O policy is exhausted – whether by claims against individuals, the entity or both – this policy serves to increase the total limits available to pay claims.

Have questions? We have the answers.

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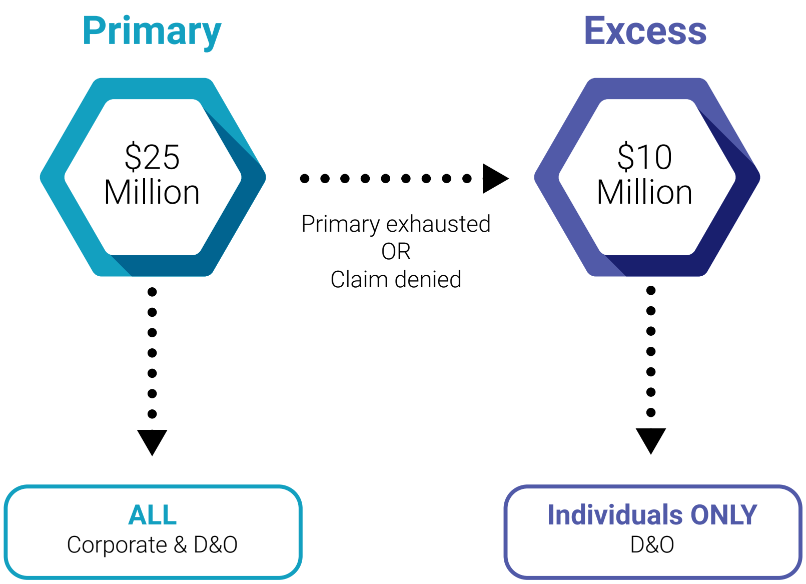
The most common way to buy additional Side A insurance is via an Excess Side A DIC policy.

- **Excess** – this means it provides secondary coverage that kicks in once the corporate policy has responded and either had its limits exhausted or denied the claim.
- **Side A** – this means that it provides coverage for claims made against individual D&Os where they are not indemnified by the corporation and would otherwise be paying the claim themselves.
- **DIC** – this stands for "Differences in Conditions". It means that the policy can drop down and pay claims that are denied by the corporate D&O policy.

The chart below shows an example D&O program structure for illustrative purposes.



Benefits

1. $10 M limit preserved for D&O and ***cannot*** be used by corporation
2. Increase total limits for D&O from $25 to $35 M
3. Can drop down and fill in gaps in corporate policy

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Side A limits are often chosen based on the nature of the board of directors as opposed to the corporation they serve. Boards comprised of wealthy or high-profile individuals, or directors with a low tolerance for personal risk will carry higher side A limits than others.

Next Step?

Let's engage in dynamic discussion around the factors and variables that are unique to your business so we can obtain the best product, from reliable and stable insurers to meet your needs.

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Mining Team

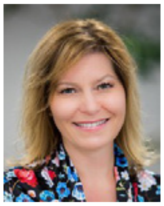
Clive Bird

Clive is an insurance risk specialist, investor, entrepreneur, and product developer for bespoke insurance risks. For over 15 years Axis Insurance enjoyed a reputation for quality, innovation, creativity and relationship building.

Clive began his Insurance career at Lloyd's of London, renowned for its technical underwriting expertise and a creative approach to risk, providing him with opportunities to push the boundaries of product innovation. Moving to the West Coast of Canada, he has expanded his broad Insurance knowledge and London market relationships to produce products for Canadian clients working across the globe.

Clive has worked extensively with public companies with a strong focus on mining and mineral exploration industry, addressing the broad range of risk exposures they face worldwide. Dynamic business enterprises are starved for the innovation and market relationships Clive can deliver. As an entrepreneurially-minded investor himself, he is embracing new technology and the shifting business landscape to stimulate new market capacity and technically efficient insurance products for the new business era.

Stacey Copeland



Stacey is an account executive with 30 years of experience focused in the resource-based industry in Western Canada. Stacey joined Finning International in 1997 after 7 years at AON, and was quickly promoted to a management position with a mandate to build a highly competitive insurance facility for Finning customers. A combination of high service excellence, successful claims management, and expanded insurance offering meant a fivefold increase in net profitability.

Stacey joined Axis Insurance in 2005 as a senior shareholder and partner, immediately helping the company grow through a series of strategic acquisitions and partnerships and was instrumental in the sale of the company in 2016 to the Vertical Group, now renamed the Axis Group. Although specializing in mining, mineral exploration, forestry and energy sectors, Stacey has expanded her knowledge to include construction, transportation, cryptocurrencies, blockchain and other emerging markets and technology risks.

She aligns herself with clients that are best in class and embraces their technical challenges, meets their high service expectations and considers it the ultimate success to place the broadest coverage, at competitive pricing with A+ rated insurers.