

Multi-Peril IP Insurance Abatement Program Summary

ISSUE:

As part of Intellectual Property (IP) risk mitigation, companies must plan for their own future in the event of a loss of an IP lawsuit. If there is a loss, companies must be prepared to experience a Business Interruption because their product had to be taken off the market; or, they may suffer a Loss of Commercial Advantage because their Patent(s) was invalidated by the court. Some companies may even be forced to start over by having to completely redesign their products.

SOLUTION:

A Multi-Peril Intellectual Property (MPIP) Insurance policy is designed to provide first party reimbursement for the loss of an IP lawsuit and responds after the final adjudication of a Civil Proceeding that directly caused loss. The MPIP Policy covers debilitating expenses that may otherwise be present as a result of overlooking the simple step of making sure the company has a recovery plan in place in the event of the loss of an IP lawsuit.

COVERAGE

- MPIP Abatement Insurance rider provides first party coverage directly to the Named Insured for loss of value because of any of the subsequent Adverse Happenings, which are the consequence of legal actions by or against the Named Insured(s) and/or third party(ies).
- The MPIP Abatement Insurance rider responds after the final adjudication of a civil proceeding that directly caused or gave rise to the loss of value.
- Named Perils: Business Interruption; Loss of Commercial Advantage; Cost of Redesign, Remediation & Reparation.
- Minimal coverage is automatically included as a rider to the standard IP Abatement Insurance Policy.

BUSINESS INTERRUPTION

If a third party from whom the Named Insured is receiving compensation suffers a Preliminary or permanent Injunction due to a suit filed against him for IP Infringement, then the Policy pays for the Named Insured's Loss of Business Income for a pre-established period of time which resulted from interrupted sales; or, if the Named Insured loses a Civil Proceeding filed against him charging that his IP-protected Manufactured Products infringe another's IP, then the Policy will pay for the Named Insured's Loss of Business Income for a pre-established period of time.

Adverse Happening: (1) Business Interruption caused by a Preliminary or permanent Injunction against a third party with respect to the protected, licensed Manufactured Products; or, (2) Business Interruption caused by a Loss of a Civil Proceeding which validates a third-party plaintiff's IP resulting in a Loss/Cost to the Named Insured.

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- Limits available up to \$3 million (USD) for additional premium
 - Policy terms available up to 3 years but terms must coincide with the underlying IP Abatement Insurance Policy limits
 - Co-Pay- 20%

LOSS OF COMMERCIAL ADVANTAGE

If the Named Insured loses a Civil Proceeding which invalidates the Named Insured's IP, and then experiences an unintended reduction of the sale price of the Manufactured Product, the Policy will pay the Loss of Business Income after the Adverse Happening as compared to Named Insured's Business Income before the Adverse Happening.

Adverse Happening: Loss of Commercial Advantage caused by a Loss of a Civil Proceeding, which invalidates the Named Insured's IP resulting in a Loss/Cost to the Named Insured.

COST OF REDESIGN, REMEDIATION & REPARATION

The Policy will reimburse the Named Insured for the Loss/Cost of redesigning, retooling or disposal of Named Insured's patented products. If found to infringe the IP of a third party, the Policy will also reimburse the cost of shipping, restocking, renaming and/or redecorating business premises, and the rebuilding of goodwill of distributors, retailers and customers which expenses are necessitated by the Loss of a Civil Proceeding.

Adverse Happening: Cost of Redesign, Remediation and Reparation caused by a Loss of a Civil Proceeding, which finds Infringement of the Named Insured's IP-covered products resulting in a Loss/Cost to the Named Insured.

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- MPIP coverage of \$50K or 10% of policy limits, whichever is less, included with the Policy
 - Worldwide territory coverage available, if included in coverage of the underlying IP Abatement Insurance Policy

Please consult a copy of the specimen Policy for all terms and conditions. This material in no way changes the terms or effect of the Policy language nor is it meant to replace the Policy language.