



Intellectual Property (IP) Insurance

IP rights (patents, trademarks/trade dress, copyrights, trade secrets) protect intellectual capital, your most valuable asset. Along with those rights comes pervasive and increasing risk to company balance sheets. However, IP insurance is available to respond to this area of growing risk and lessen the financial impact.

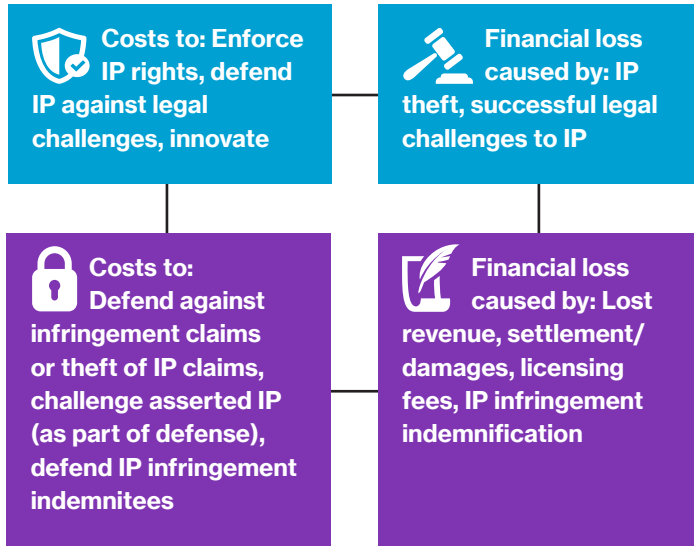
Why should my company worry about intellectual property risk?

IP risk is increasing with technology convergence and the use of IP rights to protect technologies of all kinds.

- **More IP, more IP litigation:** Over 77M in-force patents, trademarks, other IP worldwide; top 3 countries for IP litigation are China (28.5K), U.S. (12K), Germany (1.25K)
- U.S. median patent infringement damages over \$10M; for most patent cases, litigation expenses are at least half of settlement/damages amount
- Legal challenges can cost \$100K per patent

What do you mean by “IP risk”?

IP exposures create balance sheet risk



Don't I already have insurance to cover IP exposures?

Most IP exposures are either expressly excluded or only partially covered in standard lines of insurance.

General Liability, D&O, Cyber, Tech E&O, Media Liability, Reps & Warranties

No coverage Patent infringement, trade secret misappropriation, IP enforcement costs, costs to defend IP

Limited coverage Trademark infringement (no product coverage), copyright infringement (typically no product coverage except software infringement claims against customers)

How can IP insurance help me manage the financial impact of IP risk?

IP insurance covers costs to defend against third party IP infringement claims, costs to sue infringers of your IP, costs to defend your IP against legal challenges, and settlement or damages. The IP insurance market is established but small, and IP insurance providers' risk appetites and coverages vary. Our IP insurance placement specialists work with you to understand your IP risk profile and determine the best fit, not only in terms of insurers but also in terms of coverage for: types of IP, activities/products/operations, and geographic scope. For smaller companies with no loss history, we can quickly and easily obtain quotes using your website address and annual revenue. For larger companies and companies with a loss history, we have a proprietary application that all the IP insurance markets will accept.

Willis Towers Watson hopes you found the general information provided in this publication informative and helpful. The information contained herein is not intended to constitute legal or other professional advice and should not be relied upon in lieu of consultation with your own legal advisors. In the event you would like more information regarding your insurance coverage, please do not hesitate to reach out to us. In North America, Willis Towers Watson offers insurance products through licensed entities, including Willis Towers Watson Northeast, Inc. (in the United States) and Willis Canada Inc. (in Canada).

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximize performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success – and provide perspective that moves you. Learn more at wtwco.com.



wtwco.com/social-media

Copyright © 2022 Willis Towers Watson. All rights reserved.
WTW30750/02/2022

wtwco.com

Form



- Claims-made, annual
- Defense costs inside the limit
- Insured selects counsel subject to insurer approval

Scope



- Can tailor to specific types of IP infringement, entire business or specific products, certain geographies, and contractual IP infringement indemnities

Coverage



- Defense costs, damages/settlement, appeals
- Declaratory judgment actions, counterclaims covered with advance insurer approval
- May also include costs to defend against legal challenges to insured's covered IP

Limits



- Typically, \$1-10M for primary; may require \$25-500K retention and 10-20% co-insurance

Exclusions



- Undisclosed claims and circumstances
- Retaliatory suits
- Non-IP causes of action

Cost



- Premium typically 1-5% of limit; minimum \$5K
- Driven by: Revenue, technology and verticals, loss history, geographic sales, types of IP infringement covered

