



Protect your most valuable
asset (your intellectual capital)

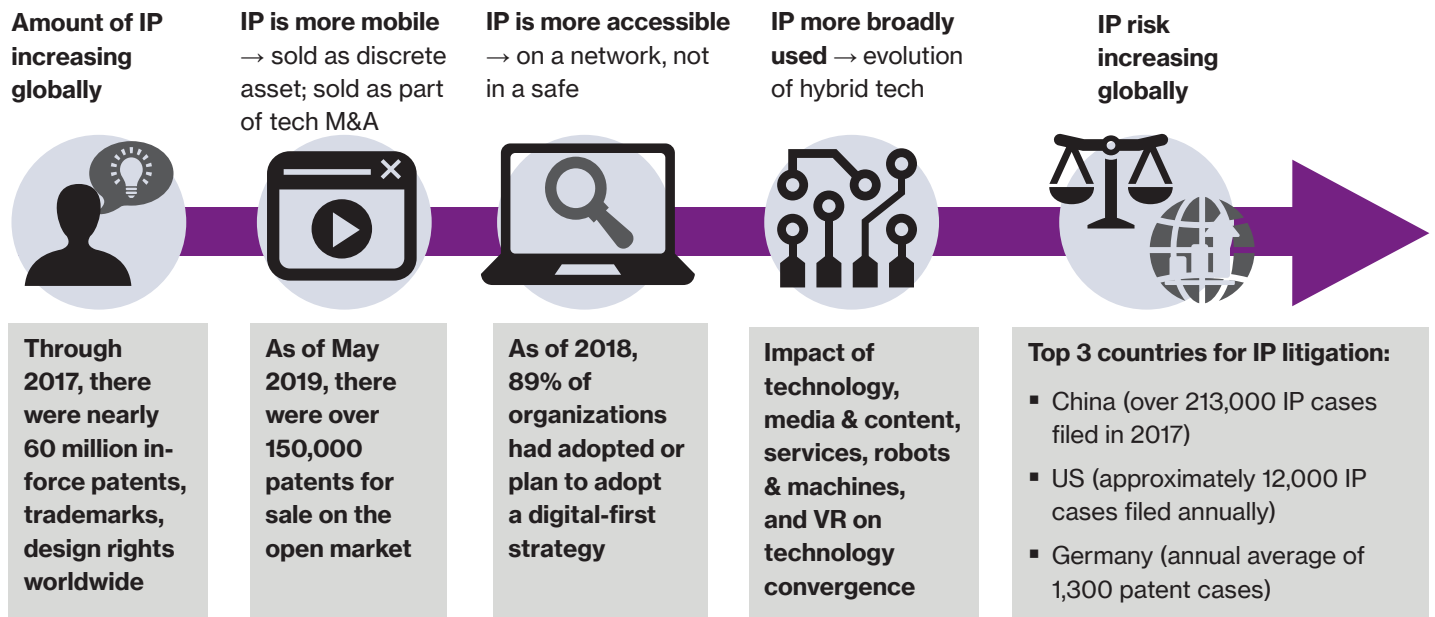
Intellectual property (IP) rights protect intellectual capital, your most valuable asset. However, IP risk poses a threat not only to your intellectual capital but also to your financial success.

What is IP?¹

IP rights protect intellectual capital, your most valuable asset



What is the impact of increasing IP risk?¹



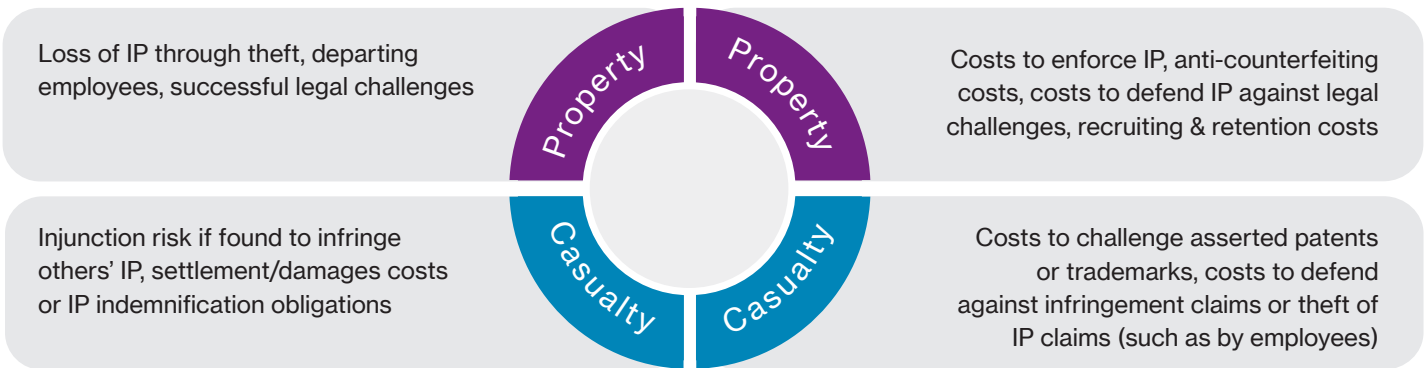
IP risk can be measured in terms of the number of IP disputes, but even more importantly, it can be measured in terms of cost. Large, publicly-held companies in high risk sectors such as pharmaceutical, networking, and technology hardware and equipment can expect annualized average losses in the high seven figures. Even smaller companies can face annualized

average losses of at least \$1 million. Not only are there costs in terms of legal expenses, settlements, and damages, but there are also costs in terms of lost revenue if an IP right is lost due to legal challenge or theft or if a product must be pulled from the market or re-designed after a finding of infringement.

¹From Global Intellectual Property (IP) Litigation Risk Research Report

What are the components of IP risk?

IP risk can be broken down into property and casualty exposures. However, most standard lines of insurance do not adequately cover IP exposures.



What are the IP insurance coverage gaps?

Uninsured and underinsured exposures

Patent Infringement	Copyright Infringement	Trademark infringement	Trade secret misappropriation
<ul style="list-style-type: none"> GL: often an express exclusion Cyber/media/tech E&O: often an express exclusion 	<ul style="list-style-type: none"> GL: typically limited to non-software related advertising activities Cyber/media/tech E&O: limited to cyber/media event; no software copyright infringement except via tech E&O endorsement and only if relates to customer loss of use of technology products or services 	<ul style="list-style-type: none"> GL: typically limited to advertising activities Cyber/media/tech E&O: limited to cyber/media event 	<ul style="list-style-type: none"> GL: express exclusion Cyber/media/tech E&O: typically limited to loss of third party corporate confidential information in connection with a privacy event; express exclusion for trade secret misappropriation by the insured
Coverage available via standalone IP policy	Coverage available via standalone IP policy	Coverage available via standalone IP policy	Coverage available via standalone IP policy
IP indemnification	IP Protection (costs to enforce)	IP loss due to legal challenge	IP loss due to physical or cyber theft
<ul style="list-style-type: none"> GL: expressly excluded via contractual liability exclusion Cyber/media/tech E&O: only software copyright infringement 	<ul style="list-style-type: none"> GL: no first party IP protection coverage Cyber/media/tech E&O: no first party IP protection coverage 	<ul style="list-style-type: none"> GL: no first party IP loss coverage Cyber/media/tech E&O: no first party IP loss coverage 	<ul style="list-style-type: none"> GL: no first party IP loss coverage Cyber/media/tech E&O: no first party IP loss coverage Crime: only covers theft of tangible property
Coverage available via standalone IP policy	Coverage available via standalone IP enforcement policy on limited basis	Coverage available via IP value impairment coverage	Coverage available on a limited basis via manuscripted wording or endorsement

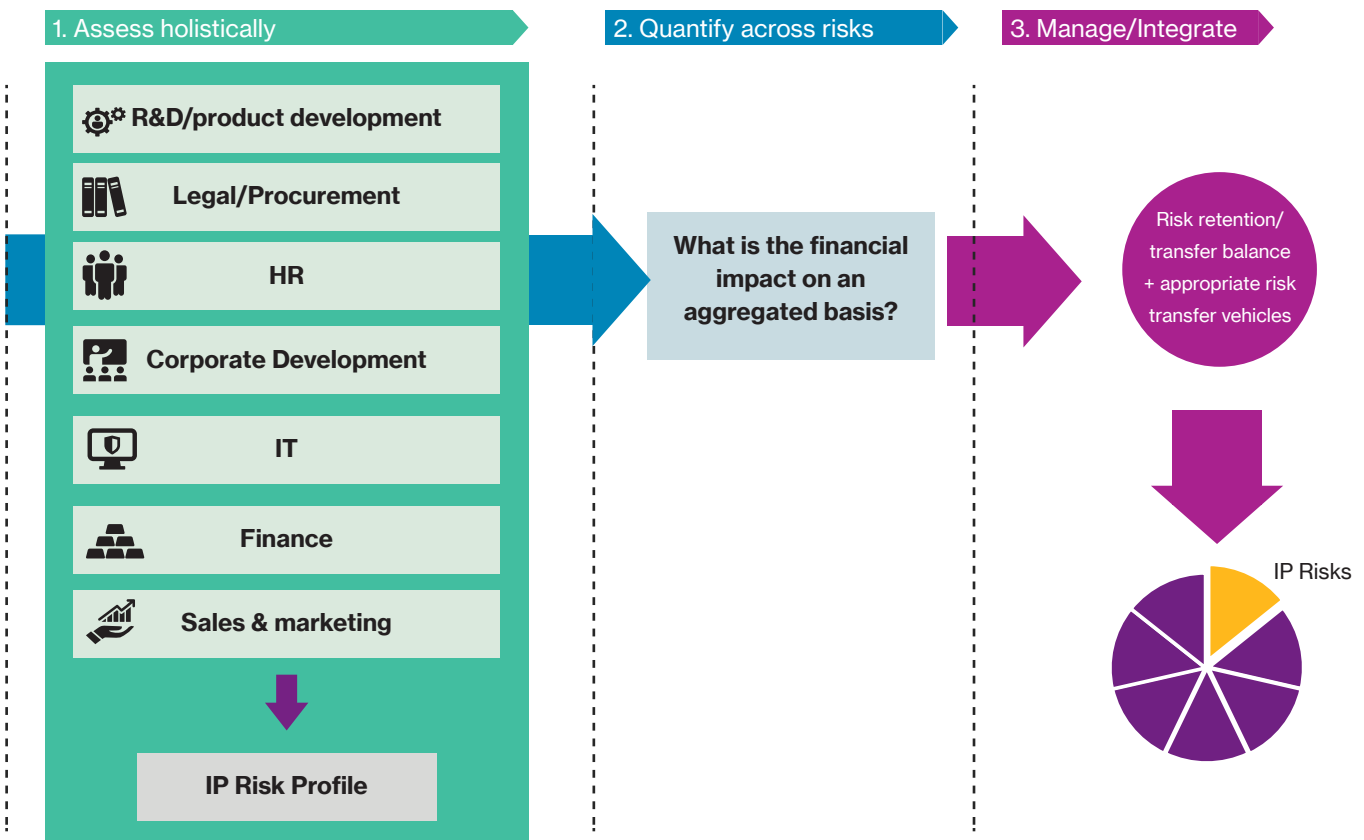
How do you manage IP risk?

By taking a holistic view and building an IP risk profile, you can quantify the combined financial impact of your company's IP exposures. To build that profile, it's important to understand the role of each part of the organization in developing and protecting IP and in mitigating and managing IP risk.

 <p>An organization's R&D department encourages and captures new ideas</p>	 <p>The Legal department protects those ideas via patents, trade secrets and other IP rights, enforces those rights against infringers, and manages the risk of infringing IP rights held by others.</p>	 <p>Finance manages the costs of converting intellectual capital into revenue-generating technology, products and services.</p>	 <p>Sales and marketing not only sells the technology, products and services but also keeps an eye on the competition.</p>
 <p>Corporate Development identifies acquisition targets and ensures IP due diligence is done to buy technology to create or improve companies' products and services.</p>	 <p>HR works to attract and retain talent so the organization can continue to build its intellectual capital.</p>	 <p>The Legal or Procurement departments negotiate key risk-shifting provisions such as IP indemnification in technology and IP licenses as well as other agreements.</p>	 <p>IT protects IP residing on the network from theft or loss.</p>




How do you manage the financial impact?

IP refers to creations of the mind and IP rights protect those creations from unauthorized use by others.








How can we help you manage the financial impact of IP risk?

Willis Towers Watson brings extensive IP risk experience to address the breadth of IP issues across people, risk and capital. We can help you manage the financial impact of IP risk so you can focus on using your intellectual capital to grow your business.

<p>People </p> <p>To grow your intellectual capital, you need to attract and retain talent. We can assist with providing metrics around who is responsible for the IP that is key to your organization. As you collaborate with customers, suppliers, and share intellectual capital, we can assist in managing and quantifying IP ownership and infringement risk. To protect your intellectual capital, we can help you encourage behavior that respects IP rights.</p>	<p>Capital </p> <p>To protect your balance sheet, we help you take action to quantify the potential financial impact of IP exposures. We offer proprietary software to model your IP exposures, have developed models to predict and quantify IP risk, and through our Connected Risk Intelligence platform, can demonstrate how IP risk fits within your overall portfolio of risks. Armed with this information and insight, we can work with you to determine the most efficient way to finance IP risk.</p>	<p>Risk </p> <p>We have a global IP Center of Excellence focused on assessing, quantifying, and managing the financial impact of IP risk. In addition to our analytic tools, we have a proprietary IP insurance application form and enhanced IP policy wording with a leading IP insurance provider. We have a dedicated IP insurance placement team, alternative risk transfer and captive management specialists with IP experience, and claims advocates who have extensive experience managing claims on IP policies.</p>
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Here are some examples of how we have helped organizations manage the financial impact of IP risk.

<p>Global, multi-billion dollar professional services firm </p>	<p>IP risk increasing as its business evolving at global level to provide services and software to clients but P&L at local level</p>	<p>Using proprietary loss modeling software, built and priced IP insurance structure within captive to hedge risk to maximize IP/tech-related revenue opportunities</p>
<p>US-based privately-held, mid sized e-commerce website and platform provider </p>	<p>Increased exposure to patent infringement directly and against customers to whom they provide IP indemnities</p>	<p>Placed patent insurance to cover claims brought against client and its customers (uses as selling points) and facilitated access to patent and litigation data and intel, group patent licenses</p>
<p>Global publicly-held multi-billion dollar media, marketing and corporate communications holding company </p>	<p>Required low retention to encourage smaller agencies to participate and report events but high per claim limit for potential losses from larger agencies and needed contractual liability coverage</p>	<p>Placed patent insurance with \$25K SIR/\$10M agg/\$2M p.c. limit and contractual liability coverage with captive providing higher limit for lower frequency catastrophic risk</p>
<p>US-based publicly-held billion dollar company providing analytics solutions globally </p>	<p>In cloud data management and analytics space where both frequency and severity of patent infringement increasing</p>	<p>Provided advice regarding membership in a patent risk management network and placed patent infringement insurance policy to cover US and Europe</p>
<p>A global non-US publicly held defense contractor </p>	<p>Claim acceptance issues due to confusion over wordings in several different policies, misalignment over coverage in policy wordings, and interest in additional capacity above coverage provided by captive</p>	<p>Revised and harmonized IP coverage wordings and suggested combination captive/program structure</p>

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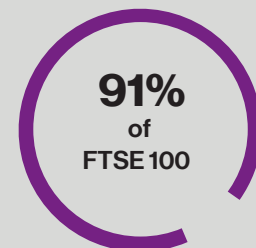
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Willis Towers Watson overview



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colleagues
in 140+
countries
and markets

Scale, diversity and
financial strength
\$8.6 billion
revenue

4 Business
Segments
Corporate Risk and Broking
Benefits Delivery and
Administration
Human Capital and Benefits
Investment, Risk
and Reinsurance

Source: Willis Towers Watson

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