

Multi-Peril IP Insurance Frequently Asked Questions

The following are representative questions posed to IPISC about the Multi-Peril Intellectual Property (MPIP) Insurance rider. IPISC has taken every effort to answer the questions clearly and concisely. As always, please consult IPISC or an insurance professional should you have additional questions not listed below.

What is Multi-Peril IP Insurance rider?

Multi-Peril Intellectual Property (MPIP) Insurance provides first party reimbursement due to the loss of an Insured Intellectual Property (IP) lawsuit. This policy is for any entity with an IP risk covered under the Abatement and/or Defense Insurance Policy.

Does the rider cost additional premium?

A \$50K Rider or 10% of Policy limits, whichever is less, is automatically included with the standard IP Abatement and/or IP Defense Insurance Policy. Higher limits may be available for an additional premium.

What perils are covered?

Covered Perils: Loss of Commercial Advantage; Business Interruption; and Cost of Redesign, Remediation and Reparation.

Does the MPIP rider cover settlements?

Two occurring events trigger the MPIP Insurance Rider (1) a Civil Proceeding must be initiated which seeks a result covered by the Policy; (2) there must be an Adverse Happening, which results in the Named Insured suffering a Loss/Cost or Loss of Business Income. If the Civil Proceeding is settled, the second condition has not been met, and the Policy does not apply.

Are 3rd party claim-backs covered?

If a third party, from whom the Named Insured is receiving compensation, attempts to claim back against the Named Insured for losses connected with the sale of Manufactured Products, the coverage does not apply. It only applies to Loss/Cost or Loss of Business Income of the Named Insured. It does not apply to damages of any other party, even if the Named Insured is ultimately charged with reimbursing them.

Against what legal risk does MPIP cover?

It covers the Loss/Cost or Loss of Business Income, which is the consequence of a Loss of Civil Proceeding covered by the associated Policy. The Rider itself does not pay Litigation Expenses or Damages.

Are there limitations on the use of proceeds?

No, reimbursed proceeds can be used for any desired purpose.

How are claims handled?

- The Named Insured may access the Policy by triggering one or more Adverse Happenings caused by the Loss/Cost consequence of legal actions by or against the Named Insured and/or third parties.
- The MPIP rider responds after the final adjudication of an insured Civil Proceeding that directly caused or gave rise to the loss of value.
- Upon compliance with the Policy terms, the Company will then give its decision in writing regarding authorization of the suit, and the Policy will begin to reimburse the Named Insured for the following Adverse Happenings. Please see specific information regarding Abatement claims and Defense claims as follows:

Abatement Claims

- Business Interruption caused by a Preliminary or permanent Injunction against a third party with respect to the protected, licensed Manufactured Products; or, a Business Interruption caused by a Loss of Civil Proceeding, which validates a third party plaintiff's IP resulting in a Loss/Cost to the Named Insured.
- Loss of Commercial Advantage caused by a Loss of Civil Proceeding, which invalidates Named Insured's IP resulting in a Loss/Cost to the Named Insured.
- Cost of Redesign, Remediation and Reparation caused by a Loss of Civil Proceeding, which finds Infringement of the Named Insured's Covered Intellectual Property(ies) resulting in a Loss/Cost to the Named Insured.

Defense Claims

- Business Interruption caused by a Preliminary or permanent Injunction with respect to the Named Insured's Manufactured Products; or, Business Interruption caused by a Loss of Civil Proceeding, which validates a third-party, plaintiff's IP resulting in a Loss/Cost to the Named Insured.
- Loss of Commercial Advantage caused by a Loss of a Civil Proceeding by a third party from whom the Named Insured is receiving compensation, resulting in a loss or increased cost to the Named Insured.
- Cost of Redesign, Remediation and Reparation caused by a Loss of a Civil Proceeding finding Infringement by the Named Insured's products resulting in a loss/cost to the Named Insured.