

Asset Backed Intellectual Property Insurance Product Overview

Asset Backed Intellectual Property Insurance (ABIPI) provides a vehicle through which an owner of intellectual property (IP) can utilize their IP as collateral for a loan. In essence, the issued policy protects against collateral default.

Target Markets

- Owners of IP rights who wish to leverage the value inherent in the IP to be used as loan collateral.
- Entities with a financial interest in the value of the IP when using collateralized IP for a loan.

Features & Conditions

- ABIPI can be coextensive with the term of the loan, usually three years; or, it can be typically renewed if the term is longer.
- Escrow agent, if any, ensures that the IP's maintenance fees are paid during the loan term and steps in for the purpose of orderly liquidation of the IP if necessary.
- Coverage extends to defaults not cured within a sixty (60) day period.

Use of Loan Proceeds

Costs withheld from loan proceeds:

- Enforcement, Defense and ABIPI Insurance premium.
- Escrow amounts for USPTO maintenance fees | liquidation costs (if applicable) | 5 months interest beginning at default.
- Loan proceeds can be used to develop a business plan outlining development efforts to be taken.

Underwriting Requirements

Information needed to initiate underwriting includes:

- Completed ABIPI application.
- Proof that Applicant has unrestricted ownership (free and clear of any liens, assignments, loan obligations, etc.) in the IP to be collateralized, which is subject to a Security Agreement.
- Search fee (in most cases).
- Business plan clearly stating why the loan is needed, how the funds will be used and who will oversee execution of the plan.

Determined by Underwriting

- IP to be collateralized is deemed insurable by the established underwriting guidelines for purposes of the Enforcement and Defense coverage.
- Establishment of the Loan to Value ratios after valuation of the IP collateral.

Our expert consultants at IPISC can help with IP risk assessment and offer unique and innovative solutions.

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Contact IPISC for additional information:

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