



# Intellectual Property Liability Insurance

## Case studies

### Protecting an investment

A company's new owner intends to improve the company's operations and then sell it within a three-year window. The company's most valuable asset is its intellectual property portfolio. Despite being satisfied that an infringement lawsuit is unlikely given the diligence conducted before purchasing the company, the average cost of defending an infringement lawsuit in the company's industry sector is above \$1,000,000. An Intellectual Property Liability Insurance policy may be utilized to insulate the new owner from go-forward risk.

### Licensing arrangements

A group of university professors have developed proprietary software and are in the process of licensing it to a large company for use in a new product. As is typical, the company is requiring an indemnity to cover costs and

any liability incurred as a result of allegations that the licensed software infringes on a third party's intellectual property rights. The professors may not have the financial means to provide such an indemnity. However, obtaining an Intellectual Property Liability Insurance policy may be a more economical or attractive means of covering indemnification obligations under the license agreement.

### Prudent risk management

During a review of its insurance portfolio, a company's board concludes that its biggest uninsured asset is its intellectual property. For a reasonable premium, Intellectual Property Liability Insurance may cover both the exposure associated with the costs of defending an intellectual property claim, as well as any liability the company might incur as a result of such claim.

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