Product: Intellectual Property

Manufacturer Information

Product information

Intellectual property insurance helps commercial entities defend against allegations of Intellectual Property (IP) infringement, directly or via contractual indemnities. It can also assist with pursuing parties who are infringing a commercial entities Intellectual Property, or challenges to the rights title or validity of the specified IP.

Coverage available includes:

- **Infringement Defence Insurance** (covering products, services & processes against claims that the Insured has infringed upon the IP rights of a third party)
- **Enforcement/Pursuit Insurance** (covering the legal fees and expenses incurred when pursuing and infringer of the Insured's own IP rights)
- **Invalidation** (covering the legal fees and expenses incurred when defending a challenge to the ownership or validity of the Insured's own IP rights or
- **Contractual Disputes** (covering the enforcement/defence of contractual disputes regarding the IP).

Optional Extensions of Cover:

- **IP Financial Loss Insurance** (covers the loss of the insured in the event that the insured's IP rights are revoked, revised or title is lost and/or the insured is injuncted from selling their Goods, Services or utilising processes).

Target market

The Intellectual Property (IP) product is designed for commercial entities seeking protection against IP-related risks, including infringement allegations and enforcement of their own IP rights. It caters to businesses that value specialist legal support and financial protection in managing complex IP disputes.

Key characteristics include:

1) Business Size & Type
   - Micro enterprises, small businesses, mid-sized, and large commercial entities operating across multiple jurisdictions where Lloyd's is licensed.
   - Suitable for businesses that either own intellectual property or are concerned about potential infringement allegations relating to their products, services, or processes.

2) Insurance Profile:
   - Customers requiring coverage for IP infringement defence, enforcement/pursuit of IP rights, invalidation challenges, and contractual disputes related to IP.
   - Optional extension available for IP Financial Loss Insurance, covering losses if an injunction is awarded against an Insured.
   - Full combined Product is not sold as an add-on; it is a standalone specialist cover.

3) Customer Needs & Behaviours:
   - Likely to value expert legal and strategic support in managing IP disputes, including:
     a) Defence against third-party infringement claims.
     b) Pursuit of infringers to protect IP rights.
     c) Guidance on contractual IP disputes and invalidation challenges.
   - Customers typically seek certainty and financial resilience against high-cost litigation and reputational risks associated with IP disputes.

4) Geographic Scope:
   - Distributed in the USA, Canada, UK, EEA, Australia/NZ, and other territories where Lloyd's has a licence and TMK is permitted to operate.

5) Distribution Channel:
   - Sold via Lloyd's brokers through both advised and non-advised processes, ensuring suitability checks even when advice is not provided.

- Distribution includes open market placements, lineslips, and delegated authority arrangements.

Types of customer for whom the product would be unsuitable

The Intellectual Property insurance product is not appropriate for:

1) Individuals or Personal Lines Customers:
   - The product is designed exclusively for commercial entities and is unsuitable for individuals seeking personal IP protection or cover for non-commercial purposes.

2) Direct Buyers Without Broker Intermediation:
   - Customers intending to purchase cover without the involvement of a regulated insurance broker or intermediary. The product requires professional distribution to ensure suitability and understanding of complex terms.

3) Businesses Without Exposure to IP Risks:
   - Entities that neither own intellectual property nor face risk of IP infringement allegations in relation to their products, services, or processes.

4) Jurisdictions Outside Lloyd's Licensing Scope:
   - Any entity domiciled in a territory where Lloyd's does not hold a licence or TMK is not authorised to operate.

5) Customers looking for after the event coverage
   - The product is not designed to cover instances of IP litigation that have already commenced or are known by the customer prior to purchasing the policy

Any notable exclusions or circumstances where the product will not respond

Limitations:

- TMKS will not be liable for any action or circumstance notified but that does not mature into an action or claim following 36 months from the notification.
- Actions or circumstances to be reported in writing as soon a reasonably practicable.
- Insured to not make and payments, assume any obligations, incur expenses, enter into any settlement without TMKS written consent.
- Accurate and complete information supplied to as requested pre-bind and at the time a claim is made.
- TMKS has the right to withdraw consent for any action or licensing request.

Exclusions include but not limited to:

- Claims arising outside of the territorial limits.
- Any claim between two or more persons named as insured which is made on behalf of or at the request, direction, or assistance of either of those parties.
- Any claim arising out of any circumstance, licensing request or action existing prior to the start of the Policy Period
- Any claim arising from an action or licensing request where the Insured intentionally, recklessly, or wilfully acted in disregard of a third party's' intellectual property rights
- Any claim arising from an action or licensing request caused or contributed to by the insured's dishonesty, fraudulent, malicious or criminal conduct.
- War

Limits of Liability:

- Stated in the schedule.

Retention Amount

- Stated in the schedule

Other information which may be relevant to distributors

This product is permitted for sale with up to four distributors in the chain e.g.

- Lloyd's Broker;
- a delegated authority arrangement with a coverholder;

- Wholesale broker; and
- Retail/producing broker.

No further distributors in the chain are permitted without TMKS' approval. Any such approval will include consideration of their impact on product value.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including commissions, fees or other 'non-standard' remuneration charged to the customer by other distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full.

This product can be sold with or without advice in line with FCA regulations or local regulations if distributor is not regulated by the FCA.

Distributors may offer Premium Finance as an optional, opt-in ancillary service alongside the product. Any Premium Finance facility must be offered separately from the core insurance product, with customers making an informed choice as to whether the service meets their needs and circumstances.

Distributors are responsible for ensuring that the inclusion of Premium Finance does not adversely impact the overall fair value of the product offering, that the service represents a genuine customer benefit, and that all applicable regulatory and contractual disclosure requirements relating to costs, charges, remuneration and terms are clearly communicated to customers. Premium Finance is not a mandatory component of the product and customers remain able to purchase the insurance policy without electing to use any financing arrangement.

All distributors are expected to fully understand the eligibility criteria, covers and exclusions of the product. Due to the complex nature of the Product, distributors are expected to bring any complex and non-standard clauses to the attention of the insured.

Sales journeys must identify customer eligibility and ensure that key information and choices to be made are presented to customers in a way that supports a customer through the process of understanding core cover and configuring optional elements of insurance to suit their specific demands and needs.

This product can be sold face to face, via a Third Party Online System, and through email and electronic communication, ensuring customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

Commission & Fees

If there is a coverholder in the chain, they are expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

The coverholder is expected to maintain oversight of all broker commissions (where applicable) and, where there may be a risk to product value, remedial action should be taken immediately including notification to Tokio Marine Kiln.

Policy Fees of no more than £250 are permitted for this product only where agreed by TMK.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/or method of calculation.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	October 2026
Expected date of next assessment	October 2027