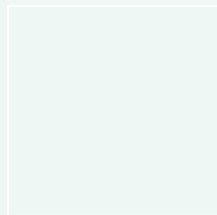
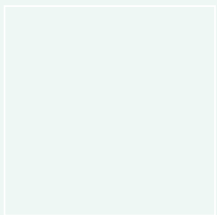
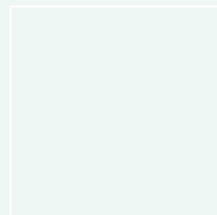
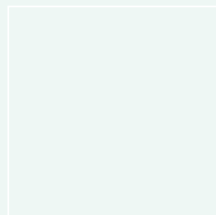
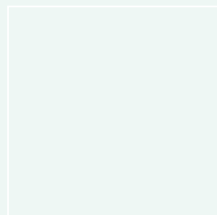
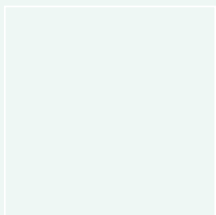
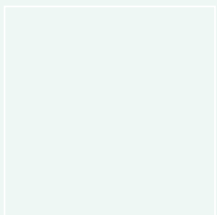
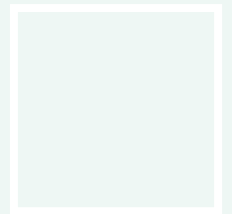
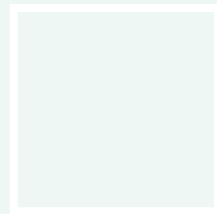
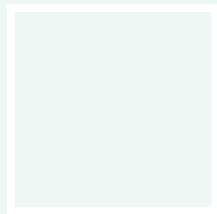




Kiln 4Thought

First Party Intellectual Property Value Insurance



First Party Intellectual Property Value Insurance

Kiln 4Thought provides a new solution for the protection of shareholder value and revenue generation derived from the lifeblood of the modern organization, its intellectual property.



In every area of commerce, the values of intellectual property are increasingly becoming recognised as the critical element in a wide range of business activities. The effect of new accounting standards, national regulation and the reassessment of the components of market capitalization have combined to focus the attention of analysts, fund managers and corporate advisers on these new exposures.

Once the significance of these values is recognised it becomes the immediate responsibility of management to quantify their exposures and to seek ways in which shareholder values and revenue generating assets might be protected from erosion or destruction. Risk transfer into traditional insurance markets is an obvious solution, providing reliable, transparent and cost-effective solutions.

4Thought from Kiln is among the first of a new generation of products to be created that provides comprehensive intellectual property coverage. It protects the value of the policy holder's IP rights against potential impairment or destruction resulting from defined loss events. As a first party policy, it is widely recognised as being the first product to cover substantial, direct financial loss rather than for the third party liabilities and legal expenses covered in other intellectual property policies.

Protecting your investment

Intellectual Property rights are often portrayed as a monopolistic right granted by the State to reap the financial rewards of innovation and artistic creation. It is likely that the business has invested substantially in its intellectual property on the understanding that it will develop a future income stream from this limited monopoly position. At Kiln we aim to provide cover against the risk that such an asset is lost and provide an element of balance sheet protection.

Coverage can be given against:

- **Successful legal challenges to the Intellectual Property**

This covers successful legal claims that an item of the policy holder's IP is invalid, or that the policy holder has infringed a third party's intellectual property rights. Additionally, it covers a successful claim by an employee that the policy holder's rights vest in whole or in part in that employee, or that the employee is not restrained from using his/her knowledge of the policy holder's intellectual property rights upon ceasing his/her employment.

- **Governmental action that prevents or prohibits the exploitation of the Intellectual Property**

This covers discriminatory governmental action that renders the policy holder's rights null and void, or which grants similar or identical rights to a competitor in contravention of existing law, or which prevents or prohibits the policy holder's exploitation of the intellectual property rights in a specific country or countries.

The policy operates on a claims-made basis, and so, requires an annual premium. However, due to the nature of loss events and the intention to provide support to expected revenue streams or future value, indemnity will typically be for multiple years of anticipated income, or net profit within a multiple year time period from the date of claim. We are, however, prepared to issue policies on different bases to suit the particular requirements of the business; for instance, a policy holder may have decided that in certain circumstances implementation of a radical contingency plan post-loss is preferable and the policy should underwrite the potential costs of implementing the plan.

Recognising the value of intangible assets

Companies now acknowledge that intangible assets are of paramount importance to both the current recognised value of the entity and to the prospects of its development. In conjunction with goodwill and reputation, the focus must be on the protection of the intellectual property that distinguishes one corporation from another and manifests itself through revenue.

The intellectual property may be founded in a number of sources and is often integral to a product or service that the company provides. At Kiln we understand that value may be derived from a number of types of intellectual property, and we will look to provide cover to include:

- Patents
- Trademarks
- Copyrights
- Trade secrets and know-how
- Registered Designs
- Topography Rights and Database Rights
- Other intangible property rights.

There is no requirement that a policy holder should insure all its intellectual property. It is common for a select portfolio of intellectual property to be chosen depending upon its financial and strategic value to the business. This would usually mean that all intellectual property related to a specific product, product line, licensing arrangement or division would be subject to the cover. The intellectual property to be insured may also either be owned by the policy holder, or simply used under license from the owner.



Kiln is an international insurance and reinsurance underwriting group with a portfolio of specialist risks. Since 1962, Kiln has built its business on the strength of its underwriting and its relationships.

Kiln plc is listed on the London Stock Exchange. Its operating subsidiary, R J Kiln & Co Limited, plans to have over £1 billion of capacity under management for the 2007 year of account, making it one of the largest agencies trading in the Lloyd's of London insurance market.

A recognised leader in each of the five main business areas in which it operates: reinsurance, accident and health, aviation, marine and special risks, and property, Kiln syndicates enjoy a security rating of 'A' (Strong) assigned to Lloyd's by Standard and Poor's.

This document, dated 1 September 2006, is issued on behalf of R J Kiln & Co Limited. It is intended for information only and in no way overrides or forms part of any 4Thought policy. It does not constitute an offer of insurance of any kind, nor should it be relied upon as a description of the precise coverage which may be available under any 4Thought policy.

A policy to suit your requirements

4Thought can be tailored to protect intellectual property still in its developmental stage, (not yet brought to market in the form of a product) and where intellectual property is generating initial revenue but exploitation is still in its initial growth phase, or where the intellectual property is relatively mature and history of performance is a relatively sound guide for the future.

Examples of the application of 4Thought to indemnify intellectual property value include protecting:

- Revenue streams associated with IP-rich products
- Licensing revenue and royalty receipts
- Intellectual property portfolio values
- Prior R&D expenditure to establish the intellectual property
- Financial investments in IP-rich companies (M&A)
- Loan values where intellectual property is used as collateral
- Contingency fund planning.

Depending on the risk to be insured, Kiln may require a short legal audit of the relevant intellectual property. This audit is intended to result in an agreed definition of exactly what intellectual property is to be insured, and to ensure that all the relevant intellectual property has been identified, and is properly protected. This would usually be followed with a review by our accountants to study the anticipated future revenues, or other value attributable to the intellectual property. There will then be an agreement with the policy holder on reasonable future projections.

The audit and valuation process often reveals more about the extent and exploitable value of the IP, and may promote greater efficiencies and reduction of risk. Combined with the Kiln 4Thought policy, this assists the business in recognising, protecting and realising the true worth of its intellectual property.

Further information

For further information on how Kiln 4Thought can protect the revenue from your intellectual property, contact your broker or:

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