The Impact of Intellectual Property on the Insurance Industry

In the past, insurance companies could expect no more than a one step lead over their competition. For many companies, product development meant watching the competition and copying their successes. Times, however, have changed. As a result of recent federal court decisions it is now a lot more likely that, what we refer to as an “insurance product”, will have all or many of its innovative features protected by a *business method* patent.

This implies that patent protection is something insurers need to be aware of – whether they are innovators or followers.

**Level of Patent Activity**

In the past six years (1996 – 2002) over 140 U. S. business method patents have been issued in the *insurance* category – compared to 18 in the four years prior. In the last two years (2001 – 2002) over 160 *insurance patents* have been applied for. The reason for these increases are recent court rulings that make insurance *business method patents* easier to get and more likely to be upheld on challenge.

**What Does it Mean?**

It is no longer business as usual!

- Does your company focus on niche markets and successful distinguishes itself with unique, highly competitive processes or practices which translate into innovative product designs?
- Are you in a general market with a broad range of products looking for and finding, occasionally, a competitive edge that you incorporate into one of your products?
- Do you compete with one of the above types of companies?

In the new environment insurers will reveal their great new ideas to the world only with the protection of a patent. A patent will allow a company to restrict who may use their invention and foil their competitors because development-by-copy will no longer be the rule.

**Other Implications**

Of course, only individuals (natural persons) can be inventors and file for a patent. Companies in industries where invention is a regular part of the job routinely engage employees through employment contracts that clearly spell out in advance the obligations of each with regard to invention. Insurers, however, rarely use employment contracts and, in the past, don’t contemplate invention as being part of the job.

**Raise Your Awareness Level**

The point is that the greater focus on intellectual property in the insurance industry is an internal as well as an external issue. It will have an impact on your company’s Human Resources area and the legal obligations your company and employees have to each other in addition to the impact it will have on your ability or inability to compete.

*Tom Bakos Consulting, Inc.* in association with *Markets, Patents & Alliances, LLC* can provide a briefing, seminar, or training session designed to prepare your company for the future and satisfy your needs and interests.
Protecting Intellectual Property
— What You Need to Know —

BRIEFING – SEMINAR – TRAINING SESSION

We can help you and your company better understand intellectual property and its effect on the insurance industry and your business.

Structure
A briefing, seminar, or training session will be structured to bring the intellectual property revolution in the insurance industry to the attention of key management personnel in your company and help you plan for the coming changes. It can be a short overview or as detailed as necessary to meet your needs.

Audiences
Management group/Senior officers – will need to understand how to run a business in which intellectual property (yours and others) can be protected.

Boards of Directors – may find strategic objectives need to be modified in a new operating environment that recognizes intellectual property ownership.

Marketing/Actuarial – this is where most of the insurance product innovation comes from.

Human Resources – employment contracts, never an issue in an insurance company before, may become a necessity.

Systems – computer code was the early business method embodiment of patents – it is still an issue worth addressing.

Employees – a new relationship may need to be imposed on an old one.

Topics Include:
- Intellectual Property – what it is and how it can be protected
- The distinction between patents, trademarks, copyrights, and trade secrets
- The basics of patent law and regulation
- Patent activity in the insurance industry / examples
- The nature of the protection received from a patent
- The value of a patent in marketing insurance products
- How to apply for a patent / What it costs
- Who owns the patent? / Dealing with inventors
- Employment contracts – introducing them in your work environment, how they typically deal with invention
- Doing business and competing in a “patent rich” environment