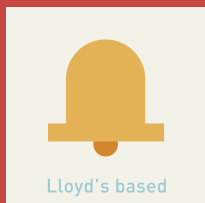


Kiln

Open Source Compliance representation
and warranty insurance



About Kiln



Kiln, an international insurance and reinsurance underwriting group that specialises in complex, unusual risk underwrites this insurance. Kiln plc is listed on the London Stock Exchange. Its operating subsidiary, R J Kiln & Co Limited has US\$1.5 billion of capacity under management for the 2006 year of account, making it one of the largest agencies trading in Lloyd's.

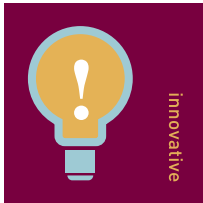


Risk audit partner

Open Source leaders and intellectual property (IP) experts, Open Source Risk Management (OSRM) support the product by providing underwriting risk assessments. OSRM is the only vendor-neutral provider of risk mitigation, certification and management services for enterprise Open Source users.

This document 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 Open Source Compliance representation and warranty insurance 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 Open Source Compliance representation and warranty insurance policy.

Open Source Compliance representation and warranty insurance



This is the world's first insurance facility to cover the specialised risks faced by enterprises that include or rely upon elements of Linux and other Open Source software in their commercial products or internal IT infrastructure.



Open Source Compliance representation and warranty insurance is designed specifically to deal with the unique but substantial business risks involved in mergers and acquisitions or other corporate transactions.

It is designed for any companies that use or rely upon Linux or other Open Source software, a marketplace that is projected by IDC (a subsidiary of International Data Group) to reach \$35 billion by 2008.

Why buy this insurance?

Worldwide, there have been more than 30 disputes involving infringement of Open Source licenses. In every known case, plaintiffs have prevailed in enforcing their rights to restrict the use of their code.

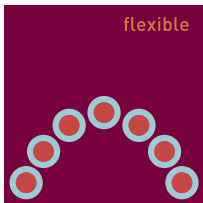
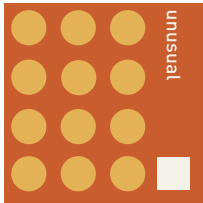
Any enterprise that builds software systems, whether for commercial distribution or for its own internal use, may find itself in violation of the terms and conditions under which Linux and other Open Source software is made available.

Given the widespread use of Linux and other Open Source technologies in the modern enterprise (Linux use is estimated to be 4.1 million servers and 12 million devices in 2006), such violations may well be present even where companies have made no official decision to incorporate Open Source into their products or infrastructure.

In addition, a company that depends upon Open Source components for its own proprietary software to run smoothly may find that the licenses under which the use of Open Source is granted require the company to make its own proprietary software publicly available under comparable licenses.

What is covered?

There are currently over 90 established Open Source licenses - the General Public License (GPL) being the primary license under which Linux and other software is made available. This insurance product addresses liabilities under all of the licenses registered with the Open Source initiative.



The most commonly used software packages available under these licenses are:

- Linux
- GNU utilities
- Mozilla and Firefox browsers
- Apache web server
- My SQL and PostgreSQL databases
- PHP and Perl scripting languages

Open Source tools are inexpensive and widely adopted, so designing IT systems that do not use or specifically avoid their use can be prohibitively expensive. In any event, Open Source code is difficult to identify in software that has been acquired or developed by external or sub-contract programmers.

What type of company would benefit from this insurance?

- Any company that is entering into a sale or investment agreement that requires it to provide a representation and warranty to show compliance with all Open Source software licenses.
- Hardware and software companies that use or rely on Open Source components in their commercial products.
- Companies that have made a substantial investment in internal IT infrastructure and applications, who may have inadvertently distributed that software, even though the software is not for commercial sale.

What coverage does this product provide?

The insurance provides up to US\$10 million cover for:

- Loss of profits resulting from a legal settlement preventing the use or sale of the insured's product(s) resulting from the requirement to distribute certain code or products, in compliance with an Open Source software license;
- The impaired valuation of an acquisition agreement or adjusted sale price thereof, resulting from the requirement to distribute code or products exchanging Open Source software in compliance with an Open Source software license;
- Costs to repair or replace code so that it complies.

The insurance operates on a claims-made basis covering the indemnified representations and warranties for periods between one and three years. Cover is available on a worldwide territorial and jurisdictional basis, which makes it ideally suited to the global nature of Open Source use and exposure.



How do I obtain cover?

In order to obtain cover, the underwriters will require a completed application along with the latest draft of the transaction agreement, following which an indication of terms will be issued.

To proceed to a formal proposal of terms, a risk audit will be conducted by OSRM on behalf of the underwriters. The cost of the review is to be paid by the applicant in advance and is non-refundable. The review fee will be set at the time the initial indication of terms is issued.

Further information

To find out more about Open Source Compliance representation and warranty insurance contact:

Matthew Hogg at Kiln
T +44 (0)20 7886 9000
E matthew.hogg@kilnplc.com

Alternatively, please visit our websites:

www.4continuity.com
www.kilnplc.com



Kiln Group

106 Fenchurch Street london EC3M 5NR
T +44 (0)20 7886 9000 F +44 (0)20 7488 1848
www.kilnplc.com

OS | RM
OPEN
SOURCE
RISK
MANAGEMENT