Kerper and Bowron, with IP Counsel Bradley Arant Boult Cummings, Files U.S. and International Patent Applications

Latest Patent Applications for New Financial Model for Service Contracts and Manufacturer's Warranties

BIRMINGHAM, AL, UNITED STATES, August 14, 2026 /EINPresswire.com/ -- Kerper and Bowron LLC today announced the filing of a U.S. non-provisional patent application and a corresponding international PCT application for the Kerper-Bowron Method. The intellectual property is held by Irish Trinity LLC. Bradley Arant Boult Cummings LLP is serving as intellectual property counsel.

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The applications claim priority to an earlier U.S. provisional patent application filed in August 2025.

At the same time, the firm announced that a new paper extending the Kerper-Bowron Method to manufacturer warranty accruals and collateralization applications has been submitted for peer review. The paper builds on the authors' earlier work published in the journal Risks.

The Kerper-Bowron Method replaces traditional aggregate earning curves and warranty accruals with precise, monthly probabilistic forecasts of losses, cancellations, and value emergence. Using only point-of-sale data, the method produces individual contract- and warranty-level projections that support more accurate financial reporting, reserving, and capital management.

The framework applies to a global market of approximately $350 billion in annual service contract revenue and manufacturer warranty accruals, with significantly larger outstanding liabilities1.

It enables several high-value applications, including:

• More precise accounting and revenue recognition under ASC 606, IFRS 17, ASC 460, and IAS 37

• Structured risk transfer through special purpose vehicles
• Lending against projected equity in unearned premium reserves (estimated $20 billion in potential U.S. capacity)
• Risk-adjusted Customer Lifetime Value analytics for short-duration contracts

“This filing and the concurrent submission of the new paper mark important steps in advancing and protecting a method that brings contract-level precision to a large and complex market,” said Lee Bowron, ACAS, MAAA, co-inventor. “By generating reliable monthly cash-flow projections for every service contract and manufacturer warranty, the approach improves reserving accuracy and creates new pathways for capital efficiency and risk transfer.”

John Kerper, FSA, MAAA, co-inventor, added: “The ability to project losses and cancellations at the individual contract level provides a stronger foundation for both financial reporting and downstream financial applications that were previously difficult to structure at scale.”

Mike Denniston, Partner at Bradley Arant Boult Cummings LLP, stated: “We are pleased to assist John and Lee in protecting this financial innovation through the patent process. The Kerper-Bowron Method represents a meaningful technical advancement in how service contracts and manufacturer warranties are modeled and valued.”

Kerper and Bowron is currently modernizing its software platform, developed over the past 23 years, to support anticipated growth in transaction volume.

Additional Resources
• Peer-reviewed paper in Risks: https://www.mdpi.com/2227-9091/14/3/44
• New paper on manufacturer warranties and collateralization (SSRN): https://papers.ssrn.com/sol3/papers.cfm?abstract_id=7214919
• Company website: https://kerper-bowron.com/kerper-bowron-method/

About Kerper and Bowron LLC
Kerper and Bowron LLC is a Birmingham, Alabama-based actuarial consulting firm. Founded in 2003 by John Kerper and Lee Bowron, the firm has spent more than two decades developing advanced modeling techniques for the industry. The related intellectual property is held by Irish Trinity LLC.

1 Estimate based on projected global extended warranty / service contract market of $210–240 billion by 2030 (The Business Research Company, Research and Markets, Mordor Intelligence) combined with estimated global manufacturer warranty accruals of approximately $110–135 billion. Outstanding warranty and unearned premium liabilities are substantially higher.

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