

Demand for cyber security insurance set to rise

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Cyber security insurance, which has found increasing acceptance among corporates in India, is also likely to gain traction among retail customers, given the recent spurt in internet usage.

Retail cyber security insurance was launched by some insurers two to three years back, but had not picked up in a big way. However, the sudden rise in the number of people working from home has pushed up internet usage, increasing the possibility of cyber threats. This, in turn, could lead to higher demand for cyber security cover among individuals.

Some of the most common forms of cyber risks include identity theft, malware attack, IT theft loss, phishing, spoofing, and cyber extortion, among others. Most of the cyber security policies not only offer a comprehensive cover against cyber risks and frauds, but also pay for the legal costs and expenses. It

also covers the expenses incurred on counselling sessions with a psychologist due to any traumatic stress one may face as a result of cyber-bullying or harassment.

According to Sasikumar Adidamu, Chief Technical Officer, Bajaj Allianz General Insurance, the Covid-19 pandemic has forced a majority of workforce across various organisations to work from home from their home systems, which may not necessarily have the kind of firewalls that are present in office computers. This may throw up incidents of cyber frauds.

"With an increased number of people working from home, internet usage is expected to go up and incidents of cyber threats are also likely to increase. We expect demand for cyber security insurance among individuals to increase once awareness goes up," Adidamu told BusinessLine.

Bajaj Allianz launched its retail cyber security product in 2017-end. The



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company has witnessed a CAGR of around 50 per cent in premium in its cyber insurance portfolio (consisting of individual cyber safe and corporate cyber policy) between FY18 and FY20.

Growing demand

The demand for cyber security insurance is primarily driven by banks, financial institutions, e-wallet service providers, e-commerce portals, healthcare, telecom, IT and ITeS companies who handle huge

amount of data. "There is also some interest from traditional manufacturing and infrastructure companies as well," said Anurag Rastogi, Chief Actuary and Chief Underwriting Officer, HDFC ERGO General Insurance.

While companies take cyber cover either because of contractual obligation or due to the nature of business they operate in, the demand for retail cyber cover is likely to come more from millennials typically in the

age bracket of 30 to 40 years as they are more internet savvy. The demand is also likely to be higher in the metros or top five-to-six cities where the incidents of frauds are likely to be higher.

"In today's digital world the internet has become a way of life, and the current Covid-19 pandemic is being used by cyber-criminals to spread malware through e-mails targeting several individuals across the globe. Having said that, we have not seen a rise in the demand for cyber insurance among individuals as the segment is still in its nascent stage," said Rastogi.

"While there has not been any immediate spurt in demand for retail cyber cover, however, moving forward, if more companies continue to offer such work from home policies, then this could lead to higher acceptance for such products," said Sanjay Datta, Chief - Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance.