

Date: 25.4.2022

Page no: 11

Publication: Economic Times

Edition: Kolkata | Ahmedabad | Bangalore | Chennai | Hyderabad | Mumbai | New Delhi | Pune

Do you need personal cyber insurance?

As cyber crime surges after Covid-induced work from home, it may be time to secure your risks. Find out if you should pick an individual cyber cover.



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by Riju Mehta

As Covid has taken root in the country in the past two years, so has cyber crime, especially after people started working from home. Cyber security incidents jumped to 14.02 lakh in 2021, from 2.08 lakh in 2018, according to CERT-In. Meanwhile, the losses due to cyber crime—ATM/debit card, credit card and Internet banking fraud—were estimated at ₹63.4 crore in 2020-21, as per the data published by private and public banks.

Even as corporates have rushed to pick cyber covers, the focus on personal insurance has increased only after insurance regulator, Irdai, listed guidelines for the same in September last year. Unlike corporate covers that are provided by most insurers, very few companies currently offer personal or individual cyber insurance. Some of these include HDFC Ergo General Insurance, Bajaj Allianz General Insurance, ICICI Lombard General Insurance, Future Generali India Insurance, with several others in the process of bringing out products.

What protection does it offer?

"Cyber insurance, be it for individuals or businesses, essentially covers losses arising from any breach of data," says Evaa Saiwal, Practice Leader, Liability and Financial Risk, Policybazaar.com. For individuals, these could include phishing, identity theft, stalking, social media hacking, among others listed by Irdai (see Losses covered...).

"While large corporates generally have firewalls to check cyber attacks, it's not always possible in case of individuals," says T.A. Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance. Besides, many people are negligent in their online transactions, resulting in breaches and losses. Any costs incurred in combating the situation due to these cyber crimes are covered, including first party losses, regulatory action costs, crisis management and liability claims.

What is available?

The individual plans available currently insure some or all of the 11 Irdai-listed cyber crimes, and covers start from ₹10,000,

Losses covered by personal plans

Irdai has outlined losses from these crimes that need to be covered.

Theft of funds

Covers loss due to cyber incident or hacking of bank account, credit/debit card and/or mobile wallets by a third party.

Cyber stalking/bullying

Covers expenses to prosecute the stalker.

Malware/ data restoration cost

Includes data restoration cost due to malware.

Phishing

Covers financial losses due to phishing attack, including expenses to prosecute perpetrators.

Cyber extortion

Provides protection for extortion loss due to cyber extortion threat; includes expenses to prosecute perpetrators.

Identity theft

Covers defence costs for claims against insured by third or affected party due to identity theft fraud. Includes expenses to prosecute perpetrators and transportation cost.

Social media

Defence costs for claims against insured by third/affected party due to hacked social media account, including expenses to prosecute perpetrators and transportation cost.

Unauthorised online transaction

Covers fraudulent use of bank account, credit/debit card, e-wallet by third party to make online purchasing over the Internet.

E-mail spoofing

Covers financial losses due to spoofed e-mail attack; includes expenses to prosecute perpetrators.

Data breach and privacy breach

Covers defence costs and damages due to claims by third party for data breach and/or privacy breach.

Media liability claims

Covers defence costs in third party claims due to defamation or invasion of privacy due to insured's publication or broadcasting of any digital media content.



going up to ₹5 crore. Most insurers also offer customisable plans, depending on the insured's risk exposure and budget, and one can choose the specific crimes that one wants covered. For an extra sum, you can also include IT consultation and psychiatric counselling.

The plans are renewed annually, cover multiple devices, and provide the option of including family, usually comprising parents and two children. HDFC Ergo's Cyber Sachet insurance also covers students, entrepreneurs, working professionals and shopaholics.

While some plans have sub-limits for specific cyber crimes within the plan, as well as deductibles, the newer plans are doing away with these limits. The policies also don't have waiting periods and any-

one above 18 years of age can buy these, though some have an age limit of 21 years.

How much do you need?

"The cover size you need will depend on how much you have to lose, be it money, data, or bank account details. Combine all of these and then arrive at a number," says Saiwal. "If you are at high risk because you are actively engaged in monetary transactions online, you will require a higher cover," says Ramalingam.

What is the cost?

The premium for a ₹1 lakh cover for an individual can range from ₹700 to ₹3,000 a year. While the annual premium for a ₹1 lakh plan for Bajaj Allianz Individual Cyber Safe Insurance policy is ₹781; for

Cost of cyber insurance

Here's the premium that a 30-year-old man and an IT company in Delhi (with Indian jurisdiction) are likely to pay.

Cover size	Individual (annual premium)	Business (annual premium; ranges from basic to advanced cover)
₹1 lakh	₹781	-
₹1 crore	₹10,541	₹1.5-1.6 lakh
₹10 crore	-	₹8.3-8.9 lakh

*Prices may vary for insurers. Individual premium for Bajaj Allianz; business premium from SecureNow.

ICICI Lombard Retail Cyber policy, it is ₹2,708; and for HDFC Ergo Cyber Sachet plan for a working professional, it is ₹984. It is important to not just consider the premium, but also sub-limits and cyber crimes covered before you pick a plan.

What is not covered?

The exclusions are the same for all plans and include losses incurred through cryptocurrency, gambling, fraudulent conduct or unauthorised collection of data, accessing restricted sites, cost of up-grading devices, among several others.

Making a claim

The plan comes into force from the time that the fraud is discovered and you will need to inform the insurer at the earliest, though there is no specified time frame for doing so. "You will also have to file an FIR and register it with the police cyber cell," says Ramalingam. You will have to furnish a large number of documents, ranging from police complaint, proof of reporting the crime to bank or relevant body, invoices for costs and fees incurred in safeguarding devices, preventing the crime and managing crisis, etc. The claim settlement process can take anywhere from 20 days to a few months.

So if you are actively engaged in online financial transactions or have a large social media presence, it may be a good idea to pick a plan.



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