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Can cyber insurance help secure business?

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I am an entrepreneur and engage in online transactions on a daily basis. I want to protect my data and secure my business. Does a cyber insurance policy help mitigate financial losses in case of any cyber attacks?

—Name withheld on request

In today's digitally interconnected world, our reliance on online transactions for personal and business purposes exposes us to increasing cyber threats. As an entrepreneur dealing with multiple online transactions, your concerns are valid. Safeguarding this private and sensitive data is imperative. A cyber insurance policy will help mitigate financial losses as it's an effective risk management strategy in case of a security breach.

Cyber insurance is tailored for both individuals and businesses, provided through distinct policies to safeguard against the financial consequences of cyber incidents. Individual policies cover threats like identity theft, cyber stalking, phishing, and extortion, among many others. For your business needs, cyber



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insurance coverage includes third-party liability for privacy and data breaches, media liability claims, regulatory fines and penalties, and first-party losses like business interruption and cyber extortion.

Legal expenses that may arise and data restoration costs may also be covered, with some policies extending coverage to crisis communication and IT consultant fees. Hence, I would recommend taking a comprehensive cyber insurance policy for businesses, ensuring financial protection against potential data breaches and related

incidents. You will be interested to know, that in scenarios involving cyber extortion or ransomware, a cyber insurance policy is invaluable, covering expenses for negotiators, investigators, ransom payments, and system restoration. Also, comprehensive cyber insurance for businesses compensates for third-party damage, covers legal expenses, and compensates for compromised intellectual property, privacy breaches, and harm to reputation, making it indispensable for navigating the aftermath of a cyber incident.

However, while purchasing a cyber insurance policy, it's crucial to understand the coverage limits and exclusions.

So, make sure you thoroughly review the policy terms and conditions, to ensure adequate coverage for potential risks and alignment with business needs.

Amid the growing cyber threat landscape, a robust cyber insurance policy ensures financial protection and swift recovery, crucial for modern business resilience.

Tapan Singhel is managing director and CEO at Bajaj Allianz General Insurance.

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