

[Cyber insurance on rise as attacks surge](#)



Cyber criminals usually force company managements to halt manufacturing and payments through malware attacks, and the whole business comes to a standstill. *istock4 min read* . Updated: 29 Aug 2022, 12:31 AM IST **Devina Sengupta, Anirudh Laskar**

- Premiums growing at 35% CAGR led by banks, IT, manufacturing firms

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MUMBAI : India Inc. is increasingly looking at dedicated cyber security insurance covers to address pervasive cyber threats including malware attacks, compromised emails, cryptojacking, or instances of disgruntled employees or adversaries attacking software systems and machinery.

India Inc.'s cyber insurance cover ranges \$1-100 million a year, and is growing at 35% annually. In fact, experts said cyber insurance is the fastest-growing insurance segment in India.

While banks, non-banks and information technology services companies were the first to buy cyber insurance covers due to higher exposure to digitally-connected systems and to protect financial transactions, startups and manufacturing firms are now waking up to the importance of such policies, especially post-pandemic, as they digitize their entire production and billing processes. "Cyber insurance business is growing at a CAGR (compound annual growth rate) of 30-35% over the past two years. Around ₹300-400 crore comes from cyber policies alone for insurers now. At least 2-5% of the overall new premium collection is generated from sales of cyber insurance," T.A. Ramalingam, chief technical officer, Bajaj Allianz General Insurance, said.

According to Sanjay Datta, chief of underwriting, reinsurance and claims, ICICI Lombard General Insurance Co. Ltd, the cyber insurance market is growing at over 50%. The high growth rate is primarily

due to a low base, since the insurance coverage of a company's digital assets three years ago was low due to a lack of awareness. Assets are typically 50-100 times the annual premium paid for cyber insurance.

The premium for insurance depends on the size of the company, and consulting firm Aon pegs it at \$1 million-100 million for India. Ramalingam said the premium amount depends on a company's turnover, probability of losses, and the availability of adequate IT backup systems. "The premium for global companies is higher than domestic firms," he added.

Industry watchers said that after two years of the pandemic, the manufacturing sector which was forced to digitize processes, from billing to procurement, is one of the key segments to buy cyber insurance. But due to frequent cyber attacks, and the severity of loss ratio over the last three years, cyber insurance premium cost has increased by over 50% over the past year, said Datta.

Cyber criminals usually force company managements to halt manufacturing and payments through malware attacks, and the whole business comes to a standstill, causing significant revenue losses, said Bajaj Allianz.