

Know what cyber fraud covers offer

Read the fine print to understand the exclusions and sub-limits

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India's cybersecurity chief Rajesh Pant recently said that India was hit by around 375 cyber attacks each day in 2020. This came at a time when people increasingly adopted digital payments as they maintained social distancing in the wake of covid-19. This exposed the elderly or the novice tech-savvy people to cyber risks.

"Considering that an individual's personal data is being generated, transmitted, and stored on to various digital devices, cyber insurance is the need of the hour," said T.A. Ramalingam, chief technical officer, Bajaj Allianz General Insurance Co. Ltd.

Cyber insurance provides coverage against cyber attacks and threats, helping customers protect their data against potential breaches and reduce the impact of losses in case any vital, financial information is stolen or misused.

Some insurers are seeing a rise in enquiries. "The adoption of cyber insurance is not nearly as high as it should be keeping in mind the plethora of risks that individuals face in today's digitally driven world. We have seen an increased interest in the policy and inquiries have indeed gone up. The sales have increased too, but not nearly in the proportion as much as inquiries have increased," said Ramalingam.

If you are bothered about cyber fraud, due to your increased digital transactions, and considering a cover, know what it offers and the limitations it comes with.

WHAT'S COVERED?

Only a handful of companies offer these policies as of now. Remember that the extent of coverage will depend on the policy you choose.

In general, cyber insurance covers financial losses due to fraudulent use of the bank account, credit or debit card and mobile wallets by a third party for transfers, purchases or withdrawals made over the internet. It also offers cover for ransomware attacks or cyber extortion, IT theft loss, email spoofing and phishing.

"The policy allows you to recoup losses after an attack, which could be in the form of ransom attack on you or data leakages," said Sanjay Datta, chief, underwriting and claims, ICICI Lombard General Insurance Co. Ltd.

The policy also covers third-party consequences. For example, a friend of yours might hold you responsible for the leakage of his or her sensitive details from your phone.

Further, it covers expenses related to defence and legal costs related to identity theft and cyber stalking, and restoration cost to retrieve or reinstall data or computer programs.

*If the insured suffers a loss like



identity theft, IT theft or a cyber extortion, and wants to slap a criminal case against the responsible person and, as a result, incurs travel costs or loses wages for the day or days spent, then the policy will reimburse the insured for such costs too," said Ramalingam.

Some cyber policies also provide coverage for expenses incurred on counseling services that may be needed as a result of stress or anxiety caused due to the cyber attack. In some policies, reputational injury is also covered, which means the policy will pay for the expenses incurred in restoring digital reputation by removing harmful publications from all over the internet and consultation with a psychologist.

Remember that, while most cyber plans are individual policies, some also cover the policyholder's spouse, parents and children.

The premiums vary from insurer to insurer, depending on the coverage and other factors. For example, ICICI Lombard's Retail Cyber Liability offers sums insured between ₹50,000 and ₹1 crore, with the premium ranging from ₹2,000 to ₹23,000, excluding GST. On the other hand, Bajaj Allianz's Individual Cyber Safe offers sums insured between ₹1 lakh and ₹1 crore, with the premiums ranging from ₹662 to ₹8,933, excluding GST.

WHAT'S NOT?

Cyber insurance plans will not cover expenses in case of dishonest and improper conduct, bodily injury or property damage, unsolicited communication and unauthorized col-

lection of data by the policyholder. The policies also don't cover losses or liabilities connected with online trading and theft or inaccessibility of any cryptocurrency.

"Most companies that offer cyber policies are for companies and not individuals. There are some individual policies as well, but the coverage is not wide enough. The main reason for this is that it is extremely difficult to assess the loss caused in cyber crimes and, therefore, pricing of such policies becomes very difficult," said Naval Goel, chief executive officer and founder, PolicyX.com.

Note that most cyber plans come with sub-limits or caps (the maximum cover you will get) for specific risks. For example, Bajaj Allianz's Individual Cyber Safe covers 10 risks. There is a 10% cap each on cyber extortion, social media cover and identity theft.

So if a policyholder has a sum insured of ₹1 lakh and raises a claim of ₹25,000 under cyber extortion, the claim amount will be up to ₹10,000. Similarly, for the risk of IT theft loss, the cover is capped at 25% of the sum insured.

"The sub-limit under each insuring clause is the maximum amount that can be claimed for that type of insured loss. The sub-limit may be exhausted through one large claim or multiple small ones," said Ramalingam. The sub-limits may vary from insurer to insurer.

While raising a claim, approach the insurer as soon as you discover that you are a victim of cyber attack. Last but not the least, read the fine print carefully to know what's covered and till what limit.