

Article Date	Headline / Summary	Publication
20 Dec 2023	Online financial crimes on the rise – How to secure your digital world	Business Insider India

### Online financial crimes on the rise – How to secure your digital world



- Between January 2020 and June 2023, 75% of cyber crimes in India were attributed to financial frauds.
- Expenses incurred in the retrieval or restoration of lost or corrupted data resulting from malware attacks is covered in policies.
- Financial losses incurred due to online shopping on fraudulent websites are also covered. Online monetary transactions are on the rise every year and as we spend more and more time in the virtual world, the world of crime has seen opportunities and spread its tentacles in this sphere too.

Cybersecurity fraud includes various types, including phishing attacks that trick users into revealing personal information, ransomware that encrypts data for extortion, identity theft for financial gain, and malware infections exploiting vulnerabilities in systems. Many of these frauds result in financial loss because the bank account of the victim is compromised.

A study conducted by a start-up incubated with IIT Kanpur revealed that between January 2020 and June 2023, 75% of cyber crimes in India were attributed to financial frauds.

Companies take cyber insurance to protect themselves from damages due to cyber frauds. Cyber security insurance is also available for individuals.

HDFC ERGO, offers a cyber sachet insurance policy, tailored for individuals, including students, women, entrepreneurs, and working professionals.

The policy covers a range of cyber threats such as theft of funds, identity theft, social media liability, malware attacks, phishing, and third-party data breaches along with coverage for counselling services to support individuals who experience emotional setbacks due to cyber incidents.

Also one can extend the coverage to cover their smart home devices affected by malware attacks. Similarly Bajaj Allianz provides an Individual Cyber Safe Insurance Policy.

Cyber insurance acts as a protective measure against potential losses incurred online, offering assurance and coverage in case of adverse incidents.

This insurance coverage grants peace of mind, allowing individuals to engage in online activities without constant concern over financial ramifications caused by cyber threats. Such plans can have a sum insured of ₹10,000 to ₹5 crore.

Let us take a look at what all is covered under cyber insurance.

**Financial loss:** The coverage extends to financial losses resulting from online frauds, encompassing unauthorised access, phishing, and spoofing incidents affecting bank accounts, credit/debit cards, and digital wallets.

“Any sort of financial loss due to any cyber fraud is covered up to the sum assured in the policy. For example if someone clicks on a phishing link and then one's account is hacked and one loses money from their bank account the policy will cover it,” says TA Ramalingam, chief technical officer, Bajaj Allianz General Insurance .

**Identity theft:** Coverage includes indemnification for financial losses, credit monitoring expenses, legal fees for prosecution resulting from the unauthorised use of personal information by a third party on the internet. Additionally, it encompasses psychological consultation expenses for the affected individual.

**Data restoration:** Expenses incurred in the retrieval or restoration of lost or corrupted data resulting from malware attacks is covered. “Cost incurred in restoring lost or corrupted data or replacing hardware due to malware attack,” says Parthanil Ghosh, President, Retail Business HDFC ERGO General Insurance.

**Hardware replacement:** Expenses associated with replacing your personal device or its components that have been impacted or damaged due to a malware attack are covered.

**Cyber bullying:** Coverage includes legal expenses, expenses related to removing objectionable content posted by cyber-bullies, and psychological consultation costs for the affected individual.

**Online shopping:** Financial losses may be incurred due to online shopping on fraudulent websites. “Online shopping fraud where an item is not received even after making a full payment is covered,” says Ghosh.

#### What is not covered

Any losses resulting out of dishonest or improper conduct is not covered. Any losses arising out of racist, pornographic or other immoral services or restricted websites are also not covered. Some of the other exclusions include coverage for investment activities like selling shares and losses in cryptocurrency.

It is the onus of the policyholder to follow basic safety procedures. “One needs to behave as if one is not insured. So if someone makes basic mistakes like sharing one's PIN or OTP or writing the PIN at the back of an ATM card, the insurance company won't cover any damages,” says Ramalingam.

If you are a heavy mobile phone or Internet user, having cyber insurance can give you a safety net. However, remember, it pays to stay vigilant.