

Banks on alert as cyber threats rise

□ Look to get insurers on board

Mumbai, Feb 19 (PTI):

With instances of cyber threats increasing, the banks, which are increasingly going digital prodded by government and regulators following note-ban, are looking for cyber insurance -- a fledgling industry vertical for general insurers but having large growth potential.

The country reportedly lost a whopping USD 4 billion in fiscal 2016 to cyber crimes, while globally, the economic loss due to cyber crimes stood at USD 455 billion in 2016.

According to insurance industry reports, cyber crimes are growing at 40-50 per cent annually globally. Similarly, global cyber risk insurance premium stood at USD 3.5 billion in 2016, which was only USD 2.5 billion in 2015, amply indicating growing incidents of cyber crimes across the world.

Country's largest lender State Bank, which fell victim to cyber frauds late last year, is now considering insurance to protect its over 30 crore customers.

As we are now planning to take



cyber covers for our customers, we have already asked one of the companies which are on the bank's panel of insurance advisers to prepare a report for us in this direction, SBI Managing Director, Rajnish Kumar told PTI.

Similarly, Bank of Baroda, which had seen about 1 lakh of its debit cards being compromised in the recent episode, is also keen to go for such insurance covers in future.

We are here to ensure protection of our customers and hence we will definitely go for cyber insurance cover as and when it was required for the bank, BoB Managing Director P S Jayakumar said.

While private sector lender Axis

Bank is reported to have taken cyber insurance cover from HDFC Ergo, as many as 20 state-owned lenders are seriously in talks with insurers to get cyber insurance cover. The city-based private lender did not respond to text messages seeking for confirmation.

General insurers also see a rise in demand for cyber risk insurance.

We are in talks with quite a few banks to provide cyber insurance cover to them, New India Assurance Chairman G Srinivasan said without divulging any details.

Cyber threat is on the rise in recent times for the banks and therefore they must go for cyber insurance cover, Srinivasan said.

Bajaj Allianz General Insurance Chief Technical Officer for non-motor business, Sasikumar Adidamu, said cyber insurance has seen close to 20 per cent rise at Bajaj Allianz in the current fiscal. He also said that in-line with rising incidents of cyber threats, the industry has seen a 10-15 per cent uptake of cyber liability covers. Insurance brokers are sensing

good business here too. 'We are in talks with around 20 state-owned banks which are seriously looking for cyber insurance cover. But no deal has been materialised so far,' Anand Rathi Insurance Brokers Director Supriya Rathi said.

'We are looking for completing the cyber insurance deal at around Rs 20-25 crore by the next fiscal year and Rs 50 crore within next couple of years,' she added.

Apart from Anand Rathi Insurance Brokers, Aon Global and Marsh are the two insurance brokers which are also active on the space in the domestic market.

The insurance brokerage charge for cyber cover for banks may go as high as up to 12.5 per cent of the premium underwritten.

Surprisingly, the industry base for cyber insurance in the country is currently at Rs 60 crore only. Non-life insurers that provide cyber insurance cover include New India Assurance, National Insurance, ICICI Lombard, Tata AIG, HDFC Ergo and Bajaj Allianz.