

# With rise in cybercrime, firms take cover

India a major target for cyber attacks; upswing in demand over the last 18 months, say insurance companies

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With cybercrime increasing exponentially, firms from varied sectors such as information technology, banking and telecommunications, including start-ups, are queuing to purchase cyber insurance.

Though there are no concrete statistics yet to quantify the number and value of cyber insurance policies taken by firms in Tamil Nadu, there has been an upswing in demand, according to insurance firms. According to insurance broking and risk management firm Marsh, the Indian cyber market has seen a big upswing in the last 18 months. India is the third most heavily cyber-attacked country in the world.

Tata AIG, HDFC Ergo, ICICI Lombard, Bajaj Allianz and New India are the major players in the cyber insu-

## Taking cover

Companies from various sectors are increasingly opting for cyber insurance

• Tata AIG, HDFC Ergo, ICICI Lombard, Bajaj Allianz and New India Assurance are among the major players in cyber insurance

• HDFC Ergo and Bajaj Allianz offer both personal and corporate cyber insurance.



• According to insurance broking and risk management firm Marsh, about 325-350 standalone cyber insurance policies have been sold, with a gross underwritten premium of \$10-12 million (₹65-80 crore)

• Policies cover aspects such as identity theft, social media, cyber stalking

rance market.

### Crores in premium

Data provided by Marsh shows that approximately 325-350 standalone cyber insurance policies have been sold, with a gross underwritten premium of \$10 million-\$12 million (₹65 crore-80 crore) – roughly 0.4% of global premium.

Anup Dhingra, president – FINPRO & Private Equity M&A, Marsh, said that well-publicised data breach events in the U.S. and the Western world and recently enacted laws such as the European Union's General Data Protection Regulation (GDPR) had been driving the uptake in cyber insurance by Indian firms with global ex-

posure. The CEO of a firm that caters to the banking sector in Chennai, on condition of anonymity, said they had taken a huge insurance cover.

"We deal with huge information and public data which is crucial and that's why we opted for cyber insurance," he said.

Bajaj Allianz General Insurance, one of the players in the cyber insurance space, has received requests for cyber insurance from large corporates and multi-national companies involved in IT-related services. But of late, the firm has been witnessing an increase in inquiries from small and medium enterprises and start-ups too. Bajaj Allianz General Insurance, which was the first to offer cyber cover for individuals, said this segment was at a nascent stage in India due to low awareness.

Sasikanth Adidam, chief

technical officer, Bajaj Allianz General Insurance, said, "As per the survey results of Allianz Risk Barometer 2019, cyber incidents have been considered the top business risk in India for 2019, with companies increasingly concerned in the wake of mega data breaches, privacy scandals and major IT outages." He added that factors driving individuals and corporates to purchase cyber insurance were increased connectivity through digital devices, a high cybercrime rate, government emphasis on digitalisation, GDPR, increased awareness on and ease of making digital payments and the increasing use of social media across all age groups.

### Solo coverage

Interestingly, HDFC ERGO General Insurance has a policy which covers individuals from major cyber risks such

as unauthorised online transactions made on an individual's bank account/debit or credit card by a third party for purchases over the internet. In addition, it covers the damage caused to an individual's reputation in case a third party publishes any 'harmful' information on the Internet.

Anurag Rastogi, member of executive management, HDFC ERGO General Insurance, said, "There is a rising demand for the insurance product, which has also become the need of the hour to cover individuals against cyber risks and frauds. That said, over the last three years, we have seen large corporates and banks buying commercial cyber insurance products, and with growing awareness, mid-sized corporates too are seeking to buy a cyber security insurance policy."