

Date: 6.1.2022

Publication: The Financial Express

Page no.: 11

Edition: New Delhi | Mumbai | Kolkata |
Chandigarh | Lucknow | Hyderabad |
Bengaluru | Chennai | Ahmedabad

● CYBER INSURANCE

Companies buying higher sum insured, wider covers despite big rise in premium

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Kolkata, January 5

WITH CYBER RISKS continuing to remain at elevated levels and ransom payments surging into millions, companies across sectors are buying higher sum insured and wider policy covers despite a significant rise in premium rates for corporate cyber insurance policies.

Premium rates for cyber insurance has continuously been rising as the threat perception has gone up, increasing number of claims being reported, reinsurers have tightened rates and capacity has gone down. On the back of higher loss ratios, insurance companies have begun restricting total exposed limits and ransomware-related coverages. Insurers have also revamped their underwriting guidelines to focus on better risk selection.

Cyber attacks in India rose by around 200% in 2020 to 1,158,208 from 394,499 in 2019, according to Indian Computer Emergency Response Team (CERT-In) data. Cyber risks continued to remain at elevated levels in 2021, with more than 600,000 cyber security incidents being reported in the first six



months of the year alone.

According to a 2021 report from Atlas VPN, ransomware cost to victims is pegged at \$45 million in 2021.

“The frequent and severe cyber attacks have led to high demand for cyber policies, also higher claim ratio have led to increase in premium rates. These factors have led to a growth in cyber insurance market size. In terms of policy count and premium, it is growing multi-fold,” Sanjay Datta, chief — underwriting, claims and reinsurance, ICICI Lombard General Insurance, told *FE*.

Sanjay Kedia, country head and CEO of Marsh India, said the Indian cyber market has seen a big upswing in the last 24 months. “Some well-publicized data breach events in the US and the Western world and recent laws like EU General Data Protection Rules (GDPR) that are extra-territorial in scope with onerous provi-

sions like fines of up to 4% of a firm’s annual global turnover, have been driving uptake of cyber insurance by Indian firms with global exposures,” Kedia said.

In a recent report of Marsh, the world’s leading insurance broker, over 32% of its clients mentioned cyber as one of the top five risks, but most confirmed that they do not have a perfect understanding of their cyber preparedness.

Companies across sectors like BFSI, IT/ITes & Telecom, Retail, Healthcare, Manufacturing, Oil & Gas, etc. are buying cyber insurance policies.

“A lot of companies are now buying cyber covers which was not the case may be two years back. Now, the awareness has gone up substantially. Every company worries about its data as less checks and controls are there in working from home environment compared to office environment. Moreover, India is in the forefront of using digital means of communications, but the country is at very increased risks as compared to the US and Europe. Thus, the threat perception has gone up substantially,” TA Ramalingam, chief technical officer, Bajaj Allianz General Insurance, told *FE*.