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Insurers Find Pros to Parley with Hackers as Cyber Claims Shoot up

At least 5-10 cases with large sums of money have been settled via negotiations: Firms

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Bengaluru | Mumbai: Private insurers such as HDFC Ergo General Insurance and Bajaj Allianz General Insurance are going the extra mile and negotiating with cyber attackers to tackle claims owing to ransomware demands, as India becomes one of the most targeted countries for cyberattacks globally. This is in addition to tweaking their cyber insurance products, reworking covenants and tightening agreements with clients as cyber insurance becomes a big business stream for them. Insurers are tying up with agencies that act as intermediators to interact with hackers, or "threat actors". These agencies help in negotiating with the hackers when they don't release the key after stealing data. At least 5-10 cases involving large sums of money had been settled through such negotiations in a little over a year, experts told ET.

The primary focus is to determine if the threat actors are indeed responsible for the attack and then try to lower the ransom payment. This also helps to buy more time to make any payment, said Hiten Kothari, chief underwriting officer and chief actuary at HDFC Ergo General Insurance. Many ransomware negotiation service providers offer ransomware remediation, PR assistance and post-attack monitoring services,

he said. Some enable detection and response services or products to prevent future attacks. TA Ramalingam, chief technical officer at Bajaj Allianz General Insurance, said it may be difficult to get an official number on such negotiations, but said 5-10 such deals might have taken place in the last more than one year. Over the last 1-2 years, the capacity of reinsurers has reduced owing to huge overseas claims, which is

making them look at reducing exposure to cyber insurance. "Even if a reinsurer gets hit by 2-4 claims worth \$10 million (over approximately 2 years period), it can be a big hit on their business and financials. So, while there is a demand, the supply side is a problem," Ramalingam said.

ASSESSING IMPACT

Cybercriminals deliberately make data breach details public on the dark web as a pressure-building tactic to jack up the sale price during negotiations, experts said. "In most negotiations, the attacker is able to provide enough evidence of kidnapping X amount of data to the organisation. Once they are convinced that critical data has been stolen, companies assess the business impact to decide whether to pay the ransom or not," said Sanjay Kaushik, managing director at cyber advisory firm Netrika Consulting.

On Dark Side

MANY RANSOMWARE negotiation service providers also offer ransomware remediation, PR assistance and post-attack monitoring services

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