

### [What is cyber insurance and should you have one?](#)

Cases of cyber frauds have increased considerably during the Covid-19 pandemic as digital payments and social media engagement rose magnanimously

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In January 2021, popular Indian journalist and former executive editor of NDTV, Nidhi Razdan revealed how she became victim to a massive phishing scam that gave her a fraudulent offer for the post of an Associate Professor at the prestigious Harvard University in the United States. She had later filed a complaint with the cyber cell of Delhi Police in this matter.

Indians have warmed up to the concept of cyber risk very recently. It is because most of us have remained largely ignorant of our dependence on technology for the longest time. In reality though, digitalisation has touched individuals, corporates and the Government in equal measures.

By 2025, it's estimated that 463 exabytes of data will be created each day globally – that's the equivalent of 212,765,957 DVDs per day, the World Economic Forum quoted in a report.

The fact that cyber frauds remain obscure until they find a victim is a serious cause of worry. A police complaint cannot necessarily compensate for the harm caused due to cyber breach. This is when a cyber insurance may come handy.

**What is cyber insurance?**

Cyber insurance policies are designed to help you overcome the ill effects of cybercrimes like ransomware, malware, distributed denial-of-service (DDoS) attacks, etc. that may be used to compromise your network and steal confidential data.

While the acceptance of cyber insurance is good on the corporate level considering it's a legal requirement for most entities, the adoption of individual cyber insurance is still at a nascent stage in India.

"This is mainly because people are not aware that cyber insurance for individuals even exists and also the fact that, they don't understand the magnitude of the risk they are susceptible to in case of a cyber-attack. That said, I believe the cyber insurance portfolio has the potential to grow with the increase in usage of the internet in our country and as more and more people realize the need to get themselves insured against this new-age risk," T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance said.

However, according to Sanjay Kaushik, MD of Netrika Consulting (cyber security & risk management firm), the acceptability has seen an uptrend due to increase in the frequency and risk of cyber attack and the magnitude of damage.

### **Insurance cost**

"While the Sum insured for the cover ranges from Rs 1 lakh to Rs 1 crore, the premium for this policy is quite affordable and ranges from Rs.662 – Rs 8933 (excluding GST) approximately depending on the sum insured opted and is the same across all ages," Ramalingam said.

### **Individual cyber insurance**

Individual Cyber Security Insurance (generally 1st party for Self), is meant for the daily online users (but, not very popular). "The policy covers risks associated with fraudulent activities like identity theft, malware attacks, cyber stalking, IT theft loss and social media liabilities," Kaushik explained.

For example, Bajaj Allianz Individual Cyber Safe policy covers financial loss resulting from being an innocent victim of a ransomware attack or cyber extortion, IT theft loss, e-mail Spoofing and phishing, losses, and expenses related to defense & prosecution cost related to identity theft and cyberstalking, restoration cost to retrieve or reinstall data or computer program damaged by the entry of the malware.

"It also provides coverage for expenses incurred on counseling services that may be needed as a result of stress or anxiety that can develop as a result of being a victim of a cyber-attack. Claim for damages against Third Party for Privacy Breach and Data Breach and transportation for attending Court summons is also covered under the policy. Unearned wages incurred on actual to prosecute a criminal case as covered under the policy too is picked up under the policy," Ramalingam pointed.

### **Why should you get cyber insurance?**

Due to the pandemic, we now spend a substantial time on devices like mobile and internet banking, e-commerce, social media, OTT platforms for entertainment, multiple apps, etc, thus

exposing ourselves to greater cyber risks. People have adopted digital means to process online payments considering safety protocols of social distancing and the possible transmission of the virus through the physical exchange of money.

“This leads to an increased potential of cyber threat exposure especially to new users, the elderly, or novice tech-savvy people as well. With the social media expansion with multiple platforms for choice used for recreation and entertainment, we are increasingly witnessing incidents of cyber-attacks like malware attacks including spyware and ransomware, phishing emails, cyberstalking, etc.,” Ramalingam asserted.

All these activities which are becoming an integral part of our lives, come with their own set of risks making cyber insurance the perfect tool to reduce the impact of these risks on an individual’s life.