

Cybercrime insurance can offset losses

People who aggressively use the internet and smart phones for all kinds of transactions should buy such a policy

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The thrust towards financial digitisation has had its unwanted consequences as well – rise in cybercrimes. According to recent reports, the government is planning to set up a cyber-forensic laboratory-cum-training centre for police officials in each state. Cybercrimes have been rising consistently in the past few years. According to data from Computer Emergency Response Team (CERT-In), 1,44,496 cyberattacks took place between 2014 and 2016. The Reserve Bank of India (RBI) has registered a total of 13,083, 16,468, 13,653 and 12,520 cases of frauds involving credit cards in 2014-15, 2015-16, 2016-17 and quarter April-September 2017, respectively. And with the increase in the number of financial apps, more and more people are exposing themselves to the risk of cyber frauds.

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Insurance companies, on their part, are also gearing up to cover cybercrimes. Recently, Bajaj Allianz General Insurance came up with a policy to protect individuals from cyber risks. The policy covers 11 types of cyber risks which includes identity theft, malware attack, IT theft loss, phishing, e-mail spoofing, cyber extortion, cyberstalking. This type of insurance cover does not prevent the incidents. But it reduces the financial impact caused by such risks. Others like Reliance General Insurance are gearing up to launch these products.

Bajaj Allianz's policy covers expenses related to problems arising after a cyberattack. For example: if there is prosecution involved, the policy will cover it. Online financial losses of money suffered by the policyholder due to cyberattacks are also covered in the policy up to the sum assured. It also

Premium prices of Bajaj Allianz Individual Cyber Safe Insurance Policy

Sum insured	Figures in ₹	
		Premium charges
100,000		662
2.5 million		4,545
5 million		6,156
7.5 million		7,589
10 million		8,933

Source: Bajaj Allianz General Insurance



takes care of consultant fees, court expenses and legal fees concerning the cyberattack. "The need for insurance product is felt only after people fall prey to such incidents and losses, but recent malware attacks have alarmed customers about the extent to which cyber risks can grow," says, Sasikumar Adidamu, chief technical officer, Bajaj Allianz General Insurance.

Suresh Sadagopan, founder, Ladder7, a financial advisory company says that while this will not help

in preventing cyber threats and frauds, it can protect a person from the financial fallout arising out of a cyberattack and cyber frauds.

The sum insured for the cover ranges from ₹100,000 to ₹10 million and the premium ranges between ₹662 and ₹8,933 respectively. There are limits applied to all type of covers; for email spoofing maximum 15 per cent is covered and in case of phishing and IT theft loss up to 25 per cent of sum insured is covered. All other covers have a limit of up to 10 per

cent, and only one kind of claim can be raised at a time. "There can be a problem in actual estimation and establishing genuineness of claims; since it is a sophisticated product estimating the damage becomes a challenge," says Naval Goel, founder and CEO, PolicyX.

This kind of policy is especially meant for people who are avid users of the internet and mobile phones for all their financial and official transactions. Such policies would help get some cover if important documents are leaked, leading to prosecution or if there is a financial loss. This is certainly ideal for senior management of companies who travel a lot and have to use a number of apps or emails for various transaction. The exclusions include non-payment if the attack was intentional, a fraud, dishonest or malicious act. "The best way for an individual to continue to enjoy the benefits of technological advancement and still stay protected from risks is to opt for cyber insurance covers," says Rakesh Jain, CEO, Reliance General Insurance.