

# Spike in data breaches sends firms scrambling for cybersecurity cover

Swati.Rathor@timesgroup.com

Hyderabad: With a spate of data breach incidents at players like Mobikwik, Upstox and Unacademy coming to light in the past few days, general insurance players are seeing a rise in enquiries for cybersecurity covers from all sectors. And these queries are coming not just from large corporates but SMEs and MSMEs as well.

In fact, many of their existing enterprise customers too are looking at fortifying their cyber security covers by adding more clauses or opting for higher sum insured policies, multiple insurers confirmed.

TA Ramalingam, chief technical officer, Bajaj Allianz General Insurance, pointed out that IT/ITeS and banking were the first movers for this policy but in the last few years the company has also seen an increase in demand from manufacturing, pharmaceutical, hospitality and automotive sectors.

He attributes this renewed interest from all these sectors to an increased work from home (WFH) activity and a slew

## RISE IN CYBER THREATS OBSERVED

► Cyber insurance as a standalone product was first introduced in 2014

► Before that, it was covered as endorsements under professional indemnity policies, general liability policies, etc.

► Insurance providers also offer customisations based on sectoral and company-specific requirements, making it pertinent for the buyer to ask the right set of questions on coverage

► Around 350 cyber insurance policies were sold till 2018



Cyber threats like ransomware attacks, phishing attacks have grown in India recently which is making corporates add cyber insurance as a risk mitigation strategy

—Sanjay Datta | CHIEF-UNDERWRITING, CLAIMS AND REINSURANCE, ICICI LOMBARD GENERAL INSURANCE

of recent cyber-attacks which has prompted clients to buy increased sum insured cover.

“The recent targeting of pharmaceutical industries by cyber attackers has definitely been a major driver for increased sales of cyber insurance policies in this sector,” he said.

Even Sanjay Datta, chief-underwriting, claims and reinsurance, ICICI Lombard General Insurance, pointed out that enquiries from players in manufacturing as well as service sectors, including MSMEs and SMEs, have star-

ted pouring in.

He explained that cyber liability insurance for enterprises covers first party costs like forensics, business interruption loss, privacy notification, data restoration, credit monitoring and third-party liability covering damages and legal cost.

The sum insured varies according to sector and region of operation, size of organization, size and type of data they store and the extent of their cyber exposure.

Rakesh Jain, ED & CEO, Reliance General Insurance,

pointed out that companies are showing interest in add-on covers such as coverage of forensic investigation fees as well as regulatory penalties and fines.

“While everything else in this area is in a discovery mode, we do anticipate demand of new covers basis the new risks and losses that businesses may experience as the world progresses with higher adoption of AI, ML and IOT,” he said, adding that fixing even ‘sum insured’ in liability products is more complex than in motor or fire insurance.