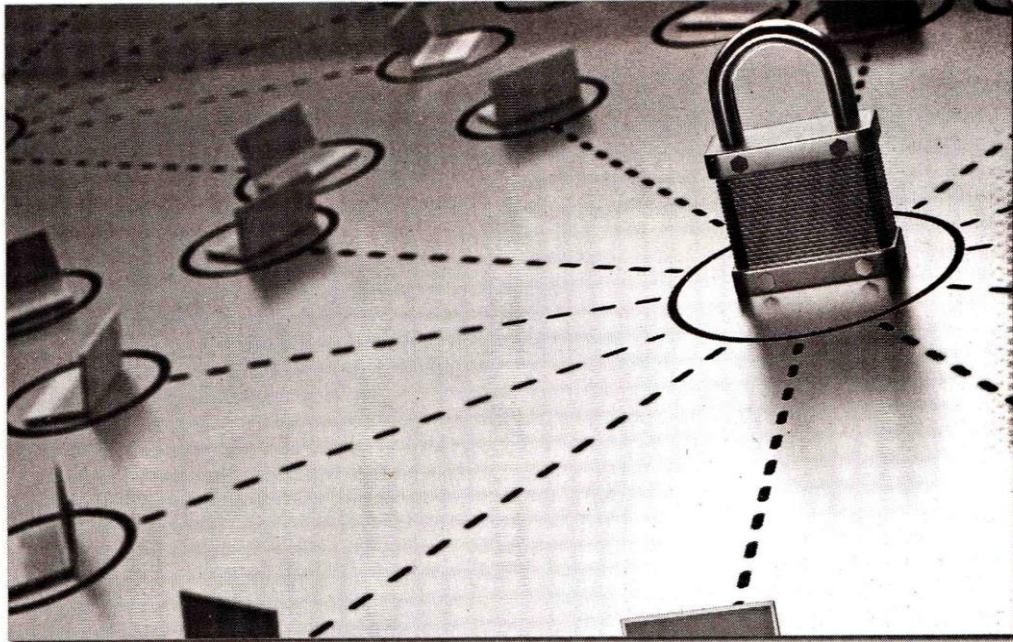


Insurers to hike premium for cyber security covers



THE TRIGGER: Insurers see a surge in demand for cyber insurance following the data theft that impacted 32 lakh debit cards recently

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FOLLOWING the data theft that impacted 32 lakh debit cards recently, insurers see surge in demand for cyber insurance and have warned of a spike in cyber risk cover premiums.

In the biggest-ever security breach in the domestic banking sector, over 32 lakh debit cards of various banks were 'compromised' after a cyber malware attack in the ATM systems of Yes Bank in May-June.

Following this, several banks including state-run SBI, private sector lenders ICICI Bank, HDFC Bank, Axis Bank and Yes Bank recalled over 32 lakh debit cards since September, while many others blocked those cards which were suspected to have been compromised and asked their customers to change PINs (personal identification numbers) as a precaution-

ary measure.

At present, there are very few non-life insurers who have cyber insurance offerings and some of them include ICICI Lombard, Bajaj Allianz, HDFC Ergo and Tata AIG. None of the state-run players are into this segment yet.

As per industry estimates, the current market size of liability insurance is Rs 1,800 crore of which cyber insurance could be 5-7 per cent.

"In the light of recent incidents, we have seen a surge in the number of inquiries for these covers and expect to see 10-15 per cent growth in cyber insurance covers sold," Bajaj Allianz General Insurance chief technical officer (non-motor cover) Sasi Kumar Adidamu told PTI.

"But it still has not seen a significant rise in such covers in the domestic market despite the rising cyber threats. Till date, there may be around 500 active poli-

Limited options

■ At present, there are very few non-life insurers who have cyber insurance offerings

■ The insurers offering such a cover include ICICI Lombard, Bajaj Allianz and HDFC Ergo

■ The share of cyber insurance in Rs 1.8K-crore liability insurance market is 5-7%

cies in the domestic market," he added.

For Bajaj Allianz GIC, cyber insurance premium varies between 2 per cent and 3 per cent of the total liability premium.

Cyber insurance covers are largely taken by banks, IT and ITeS, and e-commerce firms.

Though the product has been in existence globally for a long time, it gained cre-

dence in the domestic market about three years ago. However, HDFC Ergo, which launched cyber cover policies earlier this year, has seen a tremendous response so far and is expecting further jump in demand.

"We have seen around 40 per cent growth in cyber insurance in recent past, and given the present scenario in the banking sector, we expect the number to further rise," HDFC Ergo executive director Mukesh Kumar said, adding, "We are also expecting a reasonable increase in the premium."

SBI General is also planning to come up with a cyber insurance product. "We are looking at coming up with a cyber insurance product, keeping in view its increasing demand, particularly after the recent episode of debit card data theft," said its managing director and chief executive, Pushan Mahapatra.