

Cyber insurance a must with increasing data theft

SANGEETHA G
Chennai

THE debit card data theft putting 3.2 million cards at risk has once again brought the need for cyber insurance to the fore. In the digital world we are living in, ensuring foolproof security of information may not be possible, but the risk can be mitigated with insurance.

"Insurance policies which provide comprehensive coverage are taken by card issuers and payment processors to secure themselves against financial loss arising from such frauds. As regards card holders, if the fraud has taken place at the card issuers or payment processors end and the card holder is not responsible for the same, the card holder will be reimbursed by the card issuer," said Sushant Sarin, senior vice president, commercial

lines at Tata AIG General Insurance.

The off-take of insurance among companies is growing as they have started recognising the risk. As per an AGCS report, Indian companies lose \$4 billion due to digital attacks and it is growing exponentially every year.

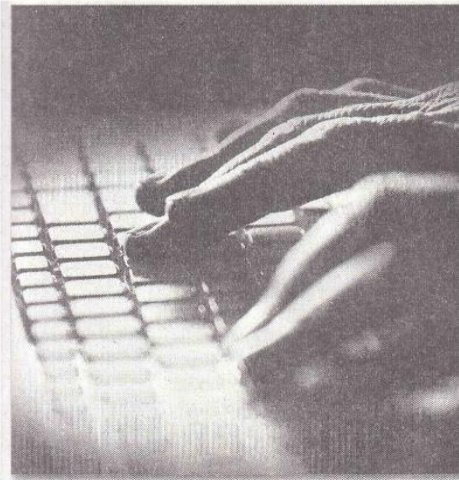
"Whether it is B2C or B2B, digitalisation is the way forward. It could be a company having just a website or one that does all its transactions digitally. As the digital presence grows, vulnerability to cyber attack too grows. With increasing awareness about vulnerability of attack, cyber insurance is on an upswing and we are seeing yearly growth of 100 per cent, both in terms of clients and premium," said Mukesh Kumar, executive director, HDFC ERGO General Insurance.

Insurance companies are largely covering liabilities arising out of inadvertent breach of information and first party losses due to business destruction. For the company, the consequences of the attack are three-fold.

In the first instance, it will lose valuable information, which can either halt the operations or even bring down the company. The clients can go ahead and seek compensation for the damage and the regulator too can impose penalty on the loss.

"Studies indicate that for every single data that gets breached, a company will have to spend \$200 on litigation and compensation. With a single hacking, thousands of records are breached," said Kumar.

"The areas which are largely covered by such policies are third party lia-



WATCHOUT NOTICE: With growing digital presence, vulnerability to cyber attack has also increased

ilities arising out of loss of data, penalty imposed by regulator, expenses on media management post the mishap and expenses on engaging IT consultants to get things back to shape. In case it is just a malware attack, the operations could be stopped for a few days and the loss of business during those days can be

claimed through the policy," said Sasikumar Adidamu, chief technical officer- non-motor insurance, Bajaj Allianz General Insurance.

Apart from seeking insurance protection, individuals have to be alert when transacting digitally. "Consumer should keep their pin numbers secure

and not share these with others or record them here and there. One should avoid using public wifi while making financial transactions. ATMs at banks are generally more secure than those at stations or other public places; therefore using ATMs at banks should be preferred," said Sarin. Tata AIG has

personal identity protection and personal credit card protection for digital protection of individuals.

Contactless cards are very convenient as the pin numbers need not be entered for transactions, but they also carry a huge risk. The spending limits of these cards have to be very small so that the loss will

be less in the event of a wrong payment.

Accidental payments can be triggered in the vicinity of payment terminals. Cardholders must check their account statements regularly to ensure there are no unintended payments.

sangeethag
@mydigitalfc.com