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Cyber insurance: Do not skip on antivirus

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The Insurance Regulatory and Development Authority of India (Irdai) released the model cyber insurance policy guidelines earlier this week, for general insurers. The regulator has asked insurance companies to provide cover against monetary loss because of cyber fraud, unauthorised transactions, email spoofing, etc.

According to the Irdai document, cyber risks have risen 500 per cent since March 2020. Cyber insurance is among the best risk management instruments for individuals and organisations to protect from cyber frauds, data theft, malware, etc.

Utsav Trivedi, partner, TAS Law (Advocates and Solicitors), says, "We may never be able to eliminate the Pegasuses of the world, but a robust insurance will ensure a proportionate compensation, something that the present regime under the Information Technology Act, 2000, clearly lacks. While the Personal Data Protection Bill, 2019, is still some time away, a well-structured cyber insurance policy will help citizens mitigate some loss, albeit monetarily."

What is cyber insurance?

With increase in internet pen-

etration, every individual who's a part of the digital world is susceptible to risks that exist in cyberspace.

T A Ramalingam, chief technical officer, Bajaj Allianz General Insurance Co., says, "Cyber insurance offers coverage against various cyberattacks and threats, and reduces the impact of losses in case any vital, financial or sensitive information is stolen or misused."

Existing offerings

Currently, few companies such as Bajaj Allianz General Insurance, ICICI Lombard, and HDFC ERGO offer such policies to individual policyholders. Their covers are broadly similar, though the finer details vary.

Sanjay Datta, chief underwriting, reinsurance, claims & actuarial, ICICI Lombard, says, "Cyber insurance policies offer first- and third-party coverage to indemnify customers for various loss/damages as a result of cyberattack."

These policies indemnify customers for forensic costs, data restoration costs, defence costs, etc. Each plan has its own predefined sub-limits, clauses, and deductibles that

WHAT'S EXCLUDED?

- Property damage caused because of cyberattack
- Unsolicited communication by the policyholder
- Losses because of a connection with extremist, pornographic sites
- Dishonest or improper conduct of the insured leading to claim
- Mechanical failure, standard depreciation, malfunction, etc

vary from company to company. Some insurers offer these plans for individuals; others offer them as family covers.

What's covered?

It covers the financial losses incurred by the policyholder due to fraudulent use of the bank account, credit or debit card and mobile wallets by a third party for transfers, purchases or withdrawals made over the internet.

Naval Goel, founder and chief executive officer, PolicyX.com, says, "It also offers cover for ransomware attacks or cyber extortion, email spoofing, and phishing. Additionally, it

also reimburses the expenses incurred by the policyholder for the defence and legal costs related to identity theft and cyberstalking, and restoration costs to retrieve or reinstall data or computer programmes."

Paying the price

A basic policy will cost you a little more than an annual Netflix subscription. It could range between ₹600 and ₹9,000, depending on the sum insured opted.

For Bajaj Allianz's policy, Ramalingam says, "The sum insured for the cover ranges between ₹1 lakh and ₹1 crore."

Don't forget to remember

First, understand the features of the policy before buying. One insurer may cover malware attacks as part of its main policy, while another may cover it only if you buy an add-on, for which you will have to pay more. Check the sub-limits. For instance, some policies may offer only 15 per cent of the sum insured for social engineering frauds.

Ramalingam says, "They must check the coverage and exclusion section of the policy to ensure their needs are being met."

Also, consider buying a solid antivirus home security solution to protect all your internet-connected devices.

