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Why you need a cover for your virtual life

Cyber insurance policies offer protection against a range of online offences.

by Preeti Kulkarni

You like the convenience of online financial transactions but are wary of the risks? You can now buy insurance to protect yourself from cyber frauds. Bajaj Allianz General Insurance and HDFC ERGO are offering such covers. Commonly bought by banks and corporates, the awareness about cyber covers among retail individuals has so far been limited. However, this is set to change with more insurers expected in the market with similar products. "In the months to come, several products covering cyber risks could be rolled out in light of heightened concerns around security of online transactions and data," says Manoj Kumar AS, Senior Vice-President and Head, Liability, and Mumbai Branch, Global Insurance Brokers.

Need of the hour

Monetary loss or psychological trauma due to cyber fraud or harassment are the biggest nightmares of any individual in today's online world. Uncovering of the Cosmos Bank ATM hacking, which prompted the Indian Banks' Association to ask member banks to buy cyber insurance covers, and the reported breach of Aadhaar data have added to concerns.

Not surprisingly, general insurers have come up with cyber policies to cover individuals against such risks. "The cover provides protection against cyber attacks and threats, helping customers safeguard

Cover for financial loss is key benefit

Onus of behaving responsibly rests with policyholder.

CYBER SAFE		E@SECURE	
INSURER: Bajaj Allianz		INSURER: HDFC ERGO	
<p>Sum insured ₹5 lakh</p>	<p>PREMIUM ₹2,151</p>	<p>Sum insured ₹5 lakh</p>	<p>PREMIUM* ₹3,524</p>
<p>₹50 lakh</p> <p>₹7,264</p>		<p>₹50 lakh</p> <p>₹10,044</p>	
<p>Covered</p> <p>Loss due to phishing, email spoofing, damages arising out of identity theft on social media or otherwise, cyber stalking, malware attacks.</p>		<p>Covered</p> <p>Transactions compromising accounts, debit and credit cards or e-wallets, loss due to phishing, identity theft, cost of counselling after cyber bullying, legal costs.</p>	
<p>Excluded</p> <p>Fraudulent or dishonest act, bodily injury, property damage, losses related to dealing in securities, foreign exchange, cryptocurrencies etc.</p>		<p>Excluded</p> <p>Illegal activities, failure to take precautions, loss reimbursed by banks, claims reported after six months, incidents that have occurred prior to policy issuance.</p>	

their reputation, potential data breaches and losses in case any financial or sensitive information is stolen or misused," says Sasikumar Adidamu, Chief Technical Officer, Bajaj Allianz General Insurance, which launched its Cyber Safe policy last year. Recently, HDFC ERGO rolled out E@Secure, a cyber insurance policy.

Both policies promise to compensate policyholders for a range of risks including direct financial losses incurred due

to phishing, e-mail spoofing, malware attacks, identity theft and legal costs arising out of damage to e-reputation, cyber stalking or harassment, cyber extortion and so on. HDFC ERGO's plan, for example, covers losses incurred due to fraudulent online transactions made on your bank account, cards or e-wallets. Financial losses suffered due to phishing—where a fraudulent email masquerading as an official email from banks or other authorities

is sent to get the victim to reveal sensitive information—are also covered.

Under the social media liability component of its policy, Bajaj Allianz pays for legal expenses incurred to prosecute the offender if an identity theft occurs on your social media account. Ditto with cyber harassment. "Upon reporting and investigation by the cyber cell or police, the policyholder can file a criminal suit against the culprit. Our policy will help lodge a claim, file an FIR, gather evidence, provide defence and bear legal cost for proceedings against the stalker," adds Adidamu.

The policies also offer to reimburse the fees of psychologists or counsellors you consult to deal with the anxiety caused by cyber harassment or bullying. "The products are useful when it comes to compensating pure financial loss caused by phishing or unauthorised access to your data," says Kapil Mehta, Co-founder, Securenow.in, an insurance broking firm.

While such covers seem like a perfect antidote to the challenges netizens face in the online space, you need to assess their merits closely before taking a call.

Beware of the fine print

Even after you buy the cover, the onus of acting responsibly rests with you. For instance, you must ensure that you notify the bank and the insurer as soon as you discover an unauthorised transaction in your account. HDFC ERGO does not entertain claims reported after six months of the incident. Also, the claim may not be payable if it is found that the fraud resulted from negligence on your part. For example, not being discreet about your card details or PIN. "Since this is a new area of insurance, there is scope for glitches as the modalities of claim settlement are yet to be tested," says Manoj AS, pointing to potential scope for disputes. Also, unlike a motor or health policy, the scope of coverage is limited to financial or legal damages. "Claims arising out of sickness, disease, injury, death or damage to any tangible property are not covered," says Brijesh Parnami, Executive Director and CEO of Essel Wealth Services. Ensure that you evaluate the internal limits in the policy. For instance, in case of Cyber Safe, sub-limits on various covers range from 10-25% of the sum insured.

Bajaj Allianz's plan excludes deliberate, criminal or fraudulent acts committed by the policyholder. If the policyholder is the defendant, the policy will pay for legal costs, but the insured will have to repay the amount if the verdict of the court or regulator establishes her guilt.

Finally, compare covers you have before buying such policies. "The cover for pure financial loss is an important benefit, in addition to litigation cover. However, check if your debit or credit card covers financial losses arising out of unauthorised online transactions before buying a separate cover for the purpose," says Mehta.

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