

Cyber Insurance – The Need of Hour*

Introduction

Now a days most of the companies use internet based technology to reach their prospective customers and use digital marketing tools to market their products. Being digital also exposes the companies to cyber threats. According to the Internet Crime Report for 2019, released by FBI's Internet Crime Complaint Centre, India ranks third among the top 20 countries that are victims of cybercrimes. According to one of the promising general insurance company of India China attempted over 40000 cyber attacks on India in the third week of June, mostly Covid-19 based scams. Business establishments such as banks, hospitality sector, IT companies and hospitals face higher risk.

What is Cyber Insurance

Cyber Insurance aims to safeguard the business from the potential losses caused by cyber-attacks. It helps an organization to mitigate risk exposure by offsetting costs, after a cyber-attack/breach has happened. To simplify, cyber Insurance is designed to cover the fees, expenses and legal costs associated with cyber breaches that occur after an organisation has been hacked or from theft or loss of client/employee information. Cyber insurance generally provides compensation for expenses, fees and legal costs arising due to cyber threats/frauds.

Benefits of Cyber Insurance

- It provides protection against cyber threats and cyber crimes.
- It covers the financial loss due to interruption of business caused by cyber threats/frauds
- It ensures the cyber safety and security in the company
- Easy online purchase and payment facility
- Unique plans to offer coverage to individuals
- It provides protection against loss of money due to cyber frauds related to transfer of funds
- Protection against cyber extortion, email phishing
- Protection against loss of personal data

Who offers Cyber Insurance

When selecting a cyber insurer, organizations consider a number of different factors, including the financial stability of the vendor, the type of coverage provided, and the cost. In addition, most of the vendors offer ancillary services designed to help protect against, prepare for, and respond to breaches. Some also have partnerships with key cyber security vendors that might be helpful. Few names of the Cyber Vendors are Chubb Limited, American International Group (AIG), XL Group Limited, Travelers, AXIS, Beazely Insurance Company, CAN, BCS, Bajaj Allianz and many more.

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What is cost of Cyber Insurance

Cyber insurance policy premiums are “not one size fits all”, as premiums are factored on a company’s industry, services, type of sensitive data stored/collected/processed, data risks and exposures, computer and network security, privacy policies and procedures and annual gross revenue, *and more*. Cyber insurance costs depend on several risk factors that vary from business to business. For example, some annual policies might cost around \$500, while others cost \$5,000 or more.

Does Cyber Insurance cover ransomware?

Ransomware is also called as cyber extortion. It is malicious software that infects your computer and displays messages demanding a fee to be paid in order for your system to work again. This class of malware is a criminal moneymaking scheme that can be installed through deceptive links in an email message, instant message or website. Many Cyber Insurance policies cover ransomware. But it is not mandatory.

Growing need for Cyber Insurance

As per the Data Security Council of India in 2018 there has been a 40 percent rise in purchase of cyber insurance. The cyber insurance market is expected to grow globally at a CAGR of 27 percent from 2017 to 2024. The companies or business organizations which are directly or indirectly involved in online payment transactions, customer data management, information storage, use of payment gateways, credit card services should definitely consider buying cyber insurance policy. Cyber crimes can have disastrous effects on the companies especially financial institutions, hospitals, social media company, defence sector companies because they have huge volume of personal data. Data security is one of the primary responsibilities of companies as they have access to their customer’s/user’s private and confidential information. Having cyber insurance in India is must for such companies.

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