

Global cyberattacks prompt India Inc to run for cover

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With a spate of globally orchestrated cyberattacks, many non-information technology (IT) and non-banking firms are enquiring and purchasing cyber insurance worth up to \$100 million (₹640 crore).

"Indian firms are buying cyber insurance from \$1 million to \$100 million. The early adopters and those with cyber insurances are increasing their cover," said Sanjay Kedia, country head and chief executive officer, Marsh India. He added companies with exposure to the European General Data Protection Regulation were proactive in expanding their cover as they could be fined as much as 4 per cent of their global annual turnover for failing to comply with insurance rules.

Earlier, only IT and banking companies would purchase cyber insurance, as their business in developed countries required them to comply with data protection regulations. But now, many manufacturing, pharmaceutical, automobile and ancillary, oil and energy, as well as utility companies are showing an interest and purchasing customised cyber and

LOOKING FOR INSURANCE

The WannaCry ransomware attack in May this year exposed the vulnerability of systems across the world



commercial crime policies that cover a range of risks.

This is now a necessity, claim experts, as India is one of the top destinations for digital services, with the government pushing digitisation and an increasing smartphone and internet penetration. At the same time, India is also one of the top targets of cybercrimes — it was the third-worst hit country by WannaCry.

Looming danger

By 2020, 25 billion people will be connected to the internet in the Asia-Pacific region

This region constitutes 6% of the global cyber insurance market

Global cost of data breach will be \$2.1 trillion

Insurers are reluctant to provide single coverage for less than \$100 mn

Source: Oliver Wyman: Cyber Risk in Asia Pacific 2017

India picture

Third-worst hit country in the WannaCry attack

55% companies have no threat-assessment programme; no framework to determine loss to reputation

There is increasing awareness — 25% increase in cyber insurance this year

over the past few years. The premium for a ₹25-crore policy would be about ₹15-30 lakh a year, depending on the type of insurance," said Sanjay Datta, chief underwriter — claims and reinsurance, ICICI Lombard.

There are, however, a few challenges in converting an enquiry for insurance into a sale. Sector players claim the biggest among these is the lack of a strong assessment policy across industries.

An EY report earlier this year had noted 55 per cent of Indian enterprises do not have a threat-assessment programme. The study also found 68 per cent of companies would not increase their security spending even if a direct supplier was attacked, and despite knowing suppliers have access to its systems.

"The cost of insurance goes up when insurance companies see a weak security system. Companies also do not have a model to measure their losses effectively and hence they don't see the need to invest (in insurance). Yet, the cost of insurance cover goes down only when the volume of policies increases," said Sivarama Krishnan, partner and leader for cybersecurity, PwC India.

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