

Taking Cover

Should you go for cyber insurance

If you transact digitally on a regular basis and are worried about data theft, then opt for it

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Recently, reports of a breach of the WhatsApp network sparked panic among users. With such instances of data breach and digital theft on the rise, cyber security has become one of the pressing issues not only for the government and corporates but also for individuals. While data theft or financial frauds may be irreversible in most cases, the financial loss can be compensated through cyber insurance to some extent.

But the product does have its limitations. So, should you go for one? We look at what most cyber insurance products have to offer, and help you decide.

Coverage

Cyber insurance in India offers cover against cyber-attacks including identity theft, unauthorised online transactions, e-extortion, damage to e-reputation and legal protection. It is offered by insurers including HDFC Ergo, Bajaj Allianz General and ICICI Lombard.

This policy is available for those aged 18 and above. The coverage of the policy is usually for one year. You will have to renew the policy if you want to stay protected. The sum insured of a policy varies with each insurer. You can choose depending on your cyber security needs and coverage offered by the insurer.

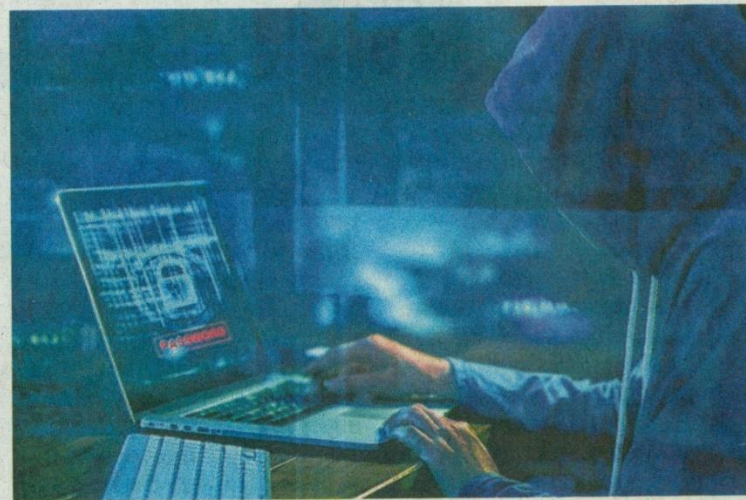
For instance, Bajaj Allianz's Cyber Safe Insurance Policy offers sum insured between ₹1 lakh and ₹1 crore and the annual premium, excluding taxes, ranges from

₹662 to ₹8,993. The policy covers 10 types of risks including identity theft, cyber-stalking, IT theft, malware, phishing, e-mail spoofing, cyber extortion and data and privacy breach by third party. However, the policyholder is compensated for financial loss (if any) only in case of phishing (an attempt to obtain sensitive information such as user names, passwords, and credit card details, often by masquerading as a trustworthy entity through electronic communication) and e-mail spoofing (sending emails to mislead the recipient), to the extent not recovered legally.

Similarly, in the case of HDFC Ergo's E@Secure Insurance, the sum insured is between ₹50,000 and ₹1 crore at an annual premium of ₹1,410 to ₹14,273. The coverage is almost the same as Bajaj Allianz's cyber insurance.

The policyholder is compensated for financial loss, only in the case of phishing, e-extortion and unauthorised online transactions, only the portion not recovered through the legal process. HDFC Ergo covers for lost wages due to time taken off from work (not more than seven days) to rectify the records on any unauthorised breach/identity theft. The policyholder can also opt for family floater cover under this policy. The sum insured for the family extension cover is ₹5 lakh to ₹1 crore with premium of ₹6,167 to ₹22,907.

Insurance companies, in other instances including identity theft, cyber bullying, and IT theft, will compensate the insured for



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costs incurred in prosecuting through a criminal case and other legal expenses. Cyber insurance policies also cover the cost of employing an IT professional to recover the lost data and removing any harmful publication online. Both HDFC Ergo and Bajaj Allianz also pay for medical counselling, if you need one.

Note that in case of malware attack (software designed to disrupt, damage, alter or gain unauthorised access to a computer), insurers cover the costs incurred for restoration of the computer system.

However, cyber insurance policy offered by ICICI Lombard only covers financial loss against cyber frauds.

It includes fraudulent and unauthorised use of bank accounts, credit/debit cards issued by banks and mobile wallets for transfers, purchases, or withdrawals over the Internet, provided they are unrecoverable from any other sources.

This is a small ticket-size product and the policy is available through the MobiKwik platform for sums insured of ₹50,000, ₹1 lakh and ₹1.5 lakh for a month for

premium of ₹99, ₹118 and ₹129, respectively.

But there are sub-limits

The cyber insurance covers come with liability limitations and exclusions. Ensure that you read the terms and conditions before you purchase a cyber cover.

In the case of Bajaj Allianz's cyber cover, policy liability is limited (how much an insurer would pay) to a maximum of 25 per cent of the sum insured under phishing and IT theft. In the case of e-mail spoofing it is a maximum of 15 per cent and 10 per cent in all other cases.

In the case of HDFC Ergo, the policy has a waiting period of 45 days in case of cyber bullying, e-extortion and damage to e-reputation. The insurer has a deductible of ₹3,500 for compensation over ₹50,000.

It also has liability limit to a maximum of 25 per cent in case of damage to e-reputation, identity theft and email spoofing; 15 per cent in case of phishing; up to 10 per cent for psychological counselling, e-extortion, cyber bullying and protection against digital assets from malware. The insurer

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