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INSURERS PROVIDE SOME BACK-UP AGAINST CYBERCRIME

As the year draws to a close, insurance companies are beginning to offer coverage against cybercrime. While these new policies provide protection against increasing cases of phishing, spoofing, and credit card fraud, where consumers' details are stolen, they typically exclude losses resulting from negligence or a lack of caution, such as incidents of 'digital arrest'

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With rising cybercrime and following a nudge from the regulator, many insurance companies have launched cyber covers for individuals. While these policies provide protection against bad actors who pose risks during regular activity, the coverage is nuanced, and incidents like cyber arrests—where victims send money to fraudsters—may not be covered.

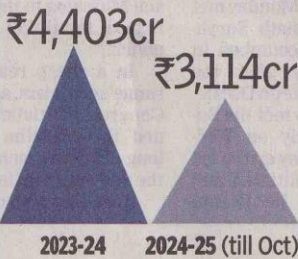
The origins of cyber risk insurance can be traced to contracts with businesses which faced losses due to ransomware, malware, or data breaches in their regular operations. Bajaj Allianz is among the companies offering cyber cover for individuals, with premiums starting at Rs 250 and ranging from Rs 6,000 to Rs 8,000. The sum insured starts at Rs 10,000 and can go up to Rs 1 crore. The cover is still in its early stages, and the company is monitoring whether its pricing assumptions hold.

"The thought process is that in the individual space, too, there could be similar risks. For example, someone receiving regular payment instructions could fall victim to phishing or spoofing, where a seemingly genuine link is actually malicious," said TA Ramalingam, chief technical officer at Bajaj Allianz General Insurance, explaining the types of risks covered.

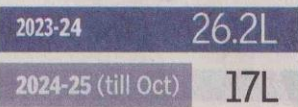
"But if someone loses money because they are placed under digital arrest or are told to appear before the chief justice via a WhatsApp call, that is gross negligence and would not be covered," Ramalingam said. Similarly, losses due to alerts asking individuals to make payments by clicking a link under the threat of service discontinuation would also not be covered.

According to Najm Bilgrami, senior vice president (financial lines) at TATA AIG General Insurance, rising online fraud places the onus on consumers to exercise caution and act responsibly in the digital world. "While these measures cannot completely eliminate the risk of cybercrime, they do help minimize it. In case of financial fraud, individuals should consider cyber insurance so-

Fraudulent transfers



No. of transactions



Fraudulent transfers of ₹3,111 cr so far this year

On a recent question from Lok Sabha MP Imran Pratapgarhi on fraudulent transfers from accounts of bank customers via digital transactions and whether the govt has succeeded in recovering such funds, the following was the answer from junior minister in the finance ministry Pankaj Chaudhary: The Reserve Bank of India has informed that it has implemented a Central Payments Fraud Information Registry (CPFIR), a web-based fraud reporting tool, since March 2020, he said. All regulated entities report payment frauds in CPFIR. Data on domestic payment fraud as reported by scheduled commercial banks (excluding regional rural banks), non-bank prepaid payment instruments issuers and non-bank credit card issuers to RBI for FY 2023-24 and FY 2024-25 (till Oct 2024) indicates that the annual cost of cybercrime crosses Rs 4,000 crore.

lutions that provide protection against unauthorized transactions involving bank accounts, credit or debit cards, and mobile wallets. By pairing insurance coverage with adherence to cybersecurity best practices, you can significantly reduce the financial impact of online

fraud," he said. This means that the policy would cover incidents where the fraudster has managed to get hold of the victim's card details and does a transaction without active participation from the victim.

TATA AIG's individual policy covers theft of funds due to hacking, identity theft, cyber extortion, and liability arising from defamation, breach of copyright, or privacy rights. It also provides protection against cyberbullying, reputational harm, and offers forensic assistance. "While the policy safeguards against these perils, it does not cover intentional acts, business-related activities, or losses caused by negligence in securing personal information. Within the selected limit of indemnity, it reimburses costs, expenses, legal defence, and damages resulting from covered risks," Bilgrami said.

ICICI Lombard's individual cyber cover policies are designed to pro-

tect individuals from the financial and emotional fallout of cyber-related incidents, said Gaurav Arora, chief of underwriting and claims at ICICI Lombard.

The policy covers financial loss from unauthorized transactions, identity theft restoration, and reputational harm, including IT specialist fees and counselling. It also offers protection against cyber extortion, support for cyberbullying-related legal fees, and legal expenses for consultations, lawsuits, or clearing erroneous charges.

"Other coverages include the cost of malware decontamination, data restoration, and forensics to ascertain the extent of infiltration caused by a cyberattack. This coverage is increasingly relevant as cyber threats targeting individuals, such as phishing, spoofing, hacking, and identity theft, grow in sophistication," said Arora.

