

# Report on cyber liability insurance

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## In News

- The Insurance Regulatory and Development Authority of India (IRDAI) released the Report of the Working Group to study cyber liability insurance for public feedback.
- Cyber insurance policies currently exist for individuals and businesses, and cover theft of funds, data restoration due to malware, cyber ransom, among many others.

## Report of the Working Group

- The Group studied the state of cyber liability insurance and identified the need to tackle 'silent insurance'.
  - Silent insurance is when a policy does not explicitly include or exclude coverage.
  - Policies not designed to cover related losses could end up paying such claims.
  - Further, the Group noted the importance of insurance cover for individuals, and the need for creating awareness regarding the same.
- The Group also made certain recommendations to enhance cyber insurance cover.
  - Insurance must cover the bricking cost which is the cost of hardware (computer, server) damaged in a cyber event (in addition to cover for damage to data).
  - The Group also recommended that insurance cover must remove reference to targeted intrusion by attackers, and provide cover as long as intrusion is unauthorised.
  - Current policies cover targeted intrusion and not

cyber-attacks that are directed at multiple users

### **What Is Silent Cyber?**

- Silent cyber refers to potential cyber exposures contained within traditional property and liability insurance policies which may not implicitly include or exclude cyber risk.
- It is sometimes also called “non-affirmative” cyber.
- Unlike standalone cyber insurance, which clearly defines the parameters of cyber cover, many traditional policies (for example, property and casualty) do not specifically refer to cyber and could theoretically be assumed to pay claims for cyber losses in certain circumstances.

### **What Is Cyber Liability Insurance?**

- Cyber liability insurance covers the cost for a business to recover from a data breach, virus, or other cyberattack.
- It also covers legal claims resulting from the breach.
- Any business that stores sensitive data in the cloud or on an electronic device should have cyber liability insurance.

### **Cyber Insurance Coverage**

- Cyber insurance generally covers your business' liability for a data breach involving sensitive customer information, such as Social Security numbers, credit card numbers, account numbers, driver's license numbers and health records.