

Understanding Cyber Insurance



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CYBER INSURANCE

Understanding Cyber Insurance

Cyber Insurance or Cyber Liability Insurance is an insurance policy that intensely helps protect the organisation from internet-related hazards like cyber-attacks and cyber threats. Cyber insurance helps minimise business disruption, enables business continuity during cyber incidents, and potentially covers the financial cost of dealing with an attack, data

breach, or other virus attacks and recovering from them. It also includes legal claims that arise as a result of the breach. Cyber Insurance is for both, i.e., businesses and individuals.

Audit for Cyber Insurance

Cyber Risk Insurance Audit is a custom-built solution to address the rising demand for cyber insurance coverage and the risks associated with providing cyber insurance. The audit is carried out by conducting a remote penetration test of the insured ICT (Information and Communication Technology) systems, data storage, file servers, mail servers/exchanges, and an



SRAVAN KUMAR
Student GRMI - Jan 2022 Batch



DEVANAND D.V.
Student GRMI - Jan 2022 Batch

on-site physical inspection.

The large-scale attacks have been proven to result from human errors such as clicking a link, inputting passwords into spoofed accounts, phishing attacks, and reacting to forged communications. The audit's overall goal is to reduce the risk for insurers, reinsurers, and underwriters, as well as the insured. The audit aims to give the insurance and reinsurance industries an unbiased risk score. This cyber risk insurance audit aims to identify a cyber risk for the current ICT infrastructure to be insured.

Coverage and non-coverage of cyber insurance

Cyber insurance premium depends on the price and type of policy, and it depends on the customer to select extra expenditure from physical destruction or theft of information technology (IT) assets.

Some of the events covered under cyber insurance are:

- Paying legal fees and regulator fines as a result of privacy violations.
- Hiring experts to recover compromised data.
- The expense of notifying customers when a data breach occurs.
- The cost of recovering data that has been stolen or altered.
- The cost of remediation or restoration of computer systems, social engineering or fraudulent transfer losses.

On the other hand, many cyber insurance policies exclude security issues caused by human error, like configuration management or the careless mishandling of digital assets.

The issues excluded by cyber security policies include already existing or prior cyber events and breaches, such as incidents that

occurred before the policy purchase; cyber events caused by own employees or insiders; failure of infrastructure not caused by cyberattacks; cost to improve technology systems like updating security systems or applications, circumstance like knowing the existing vulnerability but failed to report or address it.

Traditional insurance policies exclude cyber risks, which gave the insurance market the reason to offer specialised insurance to cover cyber-related risks for the companies that accept PCI (Payment Card Information) or store PII (Personally Identifiable Information)



about customers and employees, including medical and financial information. As cyber insurance policy is new to the market, insurance policies may vary from company to company in terms of premium and coverage factors. Companies should work intensively to identify the right policies for the company by reviewing the policy details to ensure that it contains the necessary factors for protection and provision.

Who needs Cyber Insurance?

In this digital world, every company that stores its customers' and suppliers'

information requires insurance against all types of attacks. All the companies or individuals who possess sensitive data, which is very important, need cyber insurance.

The common thinking around information security is that in the fast-moving world where data is the new oil, it is a key factor for reporting and auditing. So the conclusion regarding cyber insurance applies to every organisation irrespective of its size and nature of business. It will prevent the organisation from being exposed to various cyber data risks.

So the ideal cyber liability insurance must cover possible incidents like identity theft cover, social media cover, cyberstalking

cover, theft loss cover, malware cover, phishing cover, E-mail spoofing cover, media liability claims cover, cyber extortion cover, privacy breach, and data breach by Third Party. Every cyber insurance must cover the cyber consulting service for their clients. The major reason why any business needs cyber liability insurance is to ensure monetary safety against different types of cyber fraud.



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