

Banks rush to buy cyber security cover as digital payments rise

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(Reuters)

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This is despite the fact that the industry base for cyber insurance is currently as low as Rs 60 crore. There are various cyber insurance covers available in the country, but it is the cyber liability insurance which is in maximum demand for the banks, say insurers.

Non-life insurers that provide cyber insurance cover include New India, National, ICICI Lombard, Tata AIG, HDFC Ergo and Bajaj Allianz. Country's largest lender

State Bank of India (SBI), which fell victim to cyber frauds some time back, is now considering insurance to protect its 30 crore customers. "We have always seen maximum security in all our IT systems. We are now considering to avail cyber insurance covers for our customers," SBI managing director Rajnish Kumar told PTI here.

"We are actively examining the issue. The only thing that we have to ensure is that insurance costs fit into our scheme," he added. Recently, in one of the biggest ever breaches of financial data in the country, customers of 3.2 million debit cards belonging to different banks were hit by cyber frauds where their ATM details were compromised. Several victims even had reported unauthorised usage from locations in China.

The worst-hit card-issuing banks in the episode included SBI, HDFC Bank, ICICI Bank, YES Bank and Axis Bank. Banks either had to replace or asked users to change the security codes of as many customers. Even though SBI didn't suffer any big financial losses due to the data compromise episode, still as a precautionary measure, it had blocked 6 lakh debit cards. Bank of Baroda, which had seen around 1 lakh of its debit cards being compromised in the recent episode, is also keen to go for such insurance covers in future.

"We are here to ensure protection of our customers and hence we will definitely go for cyber insurance cover as and when it was required for the bank," Bank of Baroda MD & CEO, PS Jayakumar said. Insurers said they do see uptick in demand for cyber insurance covers by banks. "We are in talks with quite a few banks to provide cyber insurance cover to them," New India chairman and managing director, G Srinivasan said without divulging any details. "Cyber threat is on the rise in recent times for the banks and hence they must go for cyber insurance cover," he added.