

Annexure-I: Extract from chapter no. 2 of the reference guide on cyber insurance released by IDRB

Scope of the Policy

Cyber Insurance is a comprehensive insurance solution for banks covering first-party costs and third-party liability risks arising from a cyber event. It will broadly provide protection to bank for following exposures:

- Virus/Malware attack, introduction of malicious code or unauthorized access leading to data breach
- Cost of rebuilding data in the event of acts of vandalism
- Fraudulent transactions undertaken due to security breach arising out of cyber attack including social engineering
- Cyber extortion or threat leading to ransom payment
- Loss arising from unauthorized data alteration or stealing of data (including social engineering attacks)
- Loss arising from insertion of any malicious code or virus/malware
- Loss of profit due to network security or business interruption
- Cost of notification to customers post a cyber breach and credit monitoring costs
- Forensic costs and investigation costs
- Cost of appointing public relations consultants to control reputational damage
- Liability arising out of breach of personal and corporate data
- Liability arising out of outsourced activities
- Liability arising out of disparagement of products and services, defamation and infringement of intellectual property rights
- Defence cost for litigations and in connection with proceedings brought about by regulators
- Coverage for PCI DSS and other regulatory fines and penalties

First-party Coverage

First-party covers provide protection to the bank in the event of a loss whether caused by itself or someone else. When a bank experiences a cyber attack or a data breach, the following events/occurrences can be covered under insurance:

- Cost of notifying customers that the information is compromised and changing such records
- Credit monitoring services for customers affected by such data breach
- Cyber extortion when the extortionist holds data hostage or threatens an attack, if money is not paid to them. The cover includes the cost of a professional negotiator and any payment made or any fund or property surrender intended as an extortion payment
- Loss to the bank in terms of cost of blank media and labor cost of reproducing data due to the acts of vandalism including deletion, destruction, alteration of data
- Business interruption loss i.e. loss of business profit due to unavailability of services arising out of unauthorized access or cyber attack
- Professional Fees for advice and support from a public relations consultant/crisis management consultants, in order to mitigate or prevent damage to bank's reputation as well individuals, e.g. Bank's Chairman, Directors and employees due to a cyber attack or data breach. This would include designing and managing communication strategy
- Professional Fees of forensic cyber risk specialists for the purpose of substantiating whether a cyber attack or data breach has occurred/is occurring and identifying its cause
- Cost of regulatory investigations for data breach (defence costs, fees as well as fines).

Third-party Coverage

Third-party coverages provide protection to the bank against the claims of third party. When a bank experiences a cyber attack or a data breach, the following events/occurrences can be covered under insurance:

Liability on the bank due to the following:

- Unauthorized access to personal data or corporate information or dissemination of information on the internet including the cost of re-issuing plastic cards
- Infringement of intellectual property rights

- System security failures that result in harm to third-party systems
- Defamation, disparagement of products or services and invasion of privacy
- System security failure resulting in systems being unavailable to customers
- Unauthorized access to a system owned by an outsourced organization that is authorized by the bank to store data
- Defense costs incurred in defending any claim brought by a third party including - government agency or licensing or regulatory organization
- Settlements, damages and judgments related to the breach
- Regulatory fines and penalties including Payment Card Industry fines

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