

Item No. 9

Circular (Guidance Document) on product structure for Cyber Liability Insurance

1. Background:

- (i) The rising incidences of cyberattacks and growing number of data breaches and digital infrastructure interruptions are increasing in the country and across the world. Since the online exposures which individuals, offices, business organizations and other establishments face continue to grow, more so in the current pandemic situation, cybersecurity is considered as vital for all sectors to address the numerous risks posed by cyber-attacks.
- (ii) Currently, the General Liability policies do not cover cyber risks and also cyber insurance policies currently available are highly customized for clients. Hence, it is felt that a basic standard product structure is required to provide insurance cover for individuals and establishments to manage their cyber risks.
- (iii) The Authority had constituted a working group with a focus to examine the possibility of bringing specimen of Cyber Liability Insurance wordings.
- (iv) The Working Group, after conducting wide consultations with various stakeholders, and after internal deliberations suggested specimen Policy Wordings for Individual Cyber Insurance. However, in case of commercial establishments, the Working Group concluded that standardisation of policy wording is not desirable at this juncture, keeping in view of the evolving nature of legislative frameworks and ecosystem. As regards, commercial entities, they suggested possible insurance coverages and provided common reference framework in the guidance document.
- (v) The Working Group reports were put up as an exposure draft on IRDAI's website. The feedback received from various stakeholders has been considered while preparing the circular.

2. Proposal:

- (i) It is now recommended we issue a circular to general insurers and provide to the insurers;
 - (a) model policy wordings for Personal Cyber Insurance cover and

- (b) a circular (guidance document) on common reference framework to commercial cyber insurance policies.
- (c) The main objective of the guidance document is to facilitate insurers in developing stand-alone cyber insurance products, provide maximum possible coverages and improve the development of the cyber insurance market with new products.
- (ii) All general insurers would be encouraged to file these products and also design and file similar products, keeping in view the minimum coverage as specified in the given specimen policy wording and common reference framework.
- (iii) The Authority`s approval is sought for issuance of the Circular and guidance document (**Annexure**).

Submitted for the approval of the Authority.