

Introduction:

Cyber Insurance is a specialized insurance that provides financial cover for Businesses against cyber-attacks. It protects the organization from the cost of internet based threats affecting IT infrastructure, information governance, and information policy, which often are not covered by commercial liability policies and traditional insurance products.

“Royal Commercial Cyber Insurance” offers first-party coverage, which means losses that directly impact an organization and third-party coverage, which means losses suffered by other enterprises or a Third Party due to having a business relationship with the affected organization.

Who is providing the Coverage?

Royal Sundaram General Insurance Co. Limited is providing the coverage under this Policy.

Who can avail of “Royal Commercial Cyber Insurance”?

Commercial cyber insurance can be availed by any organization that often handles sensitive client data, such as personal information, financial records, and proprietary business data. Cyber threats impact businesses across all industries, but some sectors are particularly vulnerable due to their reliance on digital systems, sensitive data, and financial transactions, such as financial services, healthcare services, Insurance, Retail and E-commerce platforms, Government, Public sector, IT companies, Educational institutions.

What is the coverage under the policy?

There are nine sections under the policy which provides unique and comprehensive cover: -

A. Incident Response expenses	We will pay on your behalf incident response expenses that exceed the applicable deductible incurred by you with our prior written consent, as a result of a confidentiality event, privacy event or security breach first occurring on or after the retroactive date that is first discovered by you and notified to us in writing during the Policy period or the extended reporting period.
B. Restoration expenses	We will indemnify you for data restoration expenses that exceed the applicable deductible, incurred by you with our prior written consent, as a result of a security breach first occurring on or after the retroactive date that is first discovered by you and reported to us in writing during the Policy period or the extended reporting period.
C. Extortion Cover	We will reimburse you the amount as stated in the Policy Schedule, for extortion loss subject to the deductible as stated in the Policy Schedule and that you incur as a direct result of an extortion threat first made against you and reported to us in writing during the Policy period or the extended reporting period. 1. as a direct consequence of a privacy event or confidentiality event 2. as a consequence of a security breach or denial of service attack that enables



	a) the unauthorised destruction, corruption, erasure or encryption of your data assets; b) the unauthorised introduction of malware to your computer systems; or c) an unauthorised third party to impair the availability of your computer system in whole or in part; first occurring on or after the retroactive date.
D. Business Interruption Cover	We will indemnify you for loss of business income that exceeds the applicable deductible and is incurred during the period of restoration due to: 1. your inability to use your data assets that have been corrupted or encrypted and therefore cannot be utilised for their intended function for a period that exceeds the waiting period; 2. The availability of your computer systems or your data assets being impaired for a period that exceeds the waiting period; as a direct result of a security breach first occurring on or after the retroactive date that is first discovered by you and reported to us in writing during the Policy period or the extended reporting period.
E. Legal Liability	We will pay on your behalf damages you are legally liable to pay and related claim costs that exceed the applicable deductible as a result of a claim first made against you and reported to us in writing during the Policy period or the extended reporting period: 1. Arising from a privacy event or confidentiality event first occurring on or after the retroactive date; 2. Arising from your failure to prevent a security breach first occurring on or after the retroactive date that results in: a) The transmission of malware from your computer system to a third party; b) The unauthorised destruction, corruption, erasure or encryption of third party data assets stored on your computer systems; c) The unauthorised use of your computer systems for the purpose of participating in a denial of service attack directed against a third party; or d) The prevention of authorised access to your computer systems by an authorised third party
F. Regulatory expenses	We will pay on your behalf regulatory penalties that you are legally obligated to pay and related regulatory action that exceed the applicable deductible as a result of a regulatory action arising from a privacy event first occurring on or after the retroactive date that is first notified to you and reported to us in writing during the Policy period or extended reporting period.
G. Media Liability	We will pay on your behalf damages you are legally liable to pay and related claim costs that exceed the applicable deductible as a result of a claim first made against you and reported to us in writing during the Policy period or the extended reporting period arising from a media event first occurring on or after the retroactive date.



H. PCI liability (Payment Card Industry Data Security Standards)	We will pay on your behalf PCI fines, PCI assessments and related PCI claim costs that exceed the applicable deductible as a result of a PCI claim first made against you and reported to us in writing during the Policy period or the extended reporting period arising from a payment card breach that first occurred on or after the retroactive date.
I. Loss of Funds	We will indemnify you for direct financial loss first discovered by you and notified to us in writing during the Policy period or the extended reporting period that exceeds the applicable deductible and that you incur as a direct result of you having transferred funds or property due to your reliance on the criminal or fraudulent input of any verified instructions to your computer systems or your data assets where access to your computer systems or your data assets has been gained as a result of a security breach occurring on or after the retroactive date.

What is the Sum Insured under the Policy?

The Sum insured depends on the size and digital footprint of the business, as well as the potential financial impact of a cyber-incident. The insured has to confirm the Sum insured after evaluating the potential financial loss from cyber threats including data breaches, business interruption, and reputational damage.

What are the exclusions under the policy?

This Policy does not respond to, and we will have no liability for, any claim, claims costs, loss, PCI claim or regulatory action, or for the payment of any amounts resulting from, in connection with or indirectly arising from

- A. Bodily injury: any actual or alleged bodily injury, sickness, disease, shock, mental anguish, emotional distress or death sustained by any person. However, this exclusion will not apply to any actual, alleged or unintentional infliction of emotional distress or mental anguish arising out of a privacy event.
- B. Business economic losses:
 - 1. any trading losses, trading commissions or unauthorised trading in securities, commodities, derivatives, foreign or federal funds, currencies, foreign exchange, and the like;
 - 2. the value of coupons, price discounts, prizes, awards or other consideration given in excess of the total contracted or expected amount.
- C. Contractual liability:
 - any actual or alleged breach of a written or oral contract, warranty, guarantee, promise or agreement, whether express or implied, or the liability of others assumed under any written or oral contract, warranty, guarantee, promise or agreement, whether express or implied.
 - However, this exclusion does not apply to:
 - 1. liability that you would have in the absence of such contract, warranty, guarantee, promise or agreement;
 - 2. any obligation that you have to maintain the confidentiality and security of personal information, third party confidential information and payment card information.



- D. Directors duties: any actual or alleged breach of duty by a past, present or future director or an officer in the discharge of their duty if the claim is made by or on behalf of named insured, the insured organisation, senior management, employee or stockholders.
- E. Discrimination
any actual or alleged discrimination or harassment of any kind including but not limited to, race, creed, national origin, age, gender, pregnancy, marital status, sexual preferences or disability.
- F. Dishonest acts: any dishonest, fraudulent, criminal, malicious act or omission, intentional breach of any duty, contract or law by senior management, or by you with the knowledge of senior management. However, in respect of Insuring Clauses F and G, this exclusion will not apply to our right to defend any such claim and associated claims costs until there is a final court decision, arbitration tribunal, or a written admission that establishes such conduct. After the establishment of such conduct you shall reimburse us all claims costs incurred in defending any claim.
- G. Electromagnetic any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property.
- H. Employment practices: any actual or alleged employer-employee policies, practices, acts or omissions, any actual or alleged refusal to employ any person, or any misconduct with respect to employees, including any work compensation or similar laws. This exclusion does not apply to any covered claim made under Insuring Clause E arising out of a privacy event.
- I. Government order any:
1. governmental or regulatory investigation or enforcement of any local or foreign regulation; except as otherwise covered under Insuring Clause F (refer the policy wording)
 2. non-monetary relief or costs to comply with court orders, governmental action, request from regulators, or law enforcement action including but not limited to, requirements to disclose sensitive information including personal information, improve data or computer system security, or a requirement to undertake assessments or testing.
- J. Infrastructure: any planned or unplanned disruption to the availability, integrity or performance of:
1. any utility services including but not limited to gas, water, electricity, and power stations;
 2. technology infrastructure including but not limited to: certificate authorities, content delivery network providers, domain name system service providers, internet exchange point providers, satellite network providers, timing services, and any transmission systems or services which support transfer of information between network termination points; unless under the insured organization's direct operational control;
- K. financial market services involved in the clearing, settlement and recording of financial transactions; including but not limited to securities exchanges, central counterparty clearing houses, and central securities depositories.
- L. Radioactivity any:
1. any ionizing radiations or contamination by radioactivity from any nuclear fuel, any nuclear waste from the combustion of nuclear fuel, or any other radioactive matter;
 2. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.



- M. Patent: any actual or alleged infringements or misappropriation of any patent, patent rights, trade secret, source code, computer program, formula, compilation, composition, device, method, process, or technique.
- N. Physical hazard any:
1. natural, physical, meteorological, solar or seismic event including but not limited to fire, smoke, explosion, wind, flood, earthquake, volcanic activity, or solar storm;
 2. discharge, release, seepage, or disposal of any pollutants; or any request, demand, order, or regulatory requirement to monitor, clean-up, test, remove, remediate, detoxify, assess or neutralize the effect of any pollutants;
 3. environmental hazard, microorganisms, biological organisms, bio aerosols, fungi, spores or organic contaminants including, but not limited to, mould, mildew, yeast or other toxins, mycotoxins, allergens, infectious agents, wet or dry rot or rust, carcinogens, noise or contaminants in the structure, soil, water, air, mould, mildew, or any materials containing them at any time, regardless of the cause of growth, proliferation or secretion;
 4. virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- O. Prior acts any:
1. claim or regulatory action notified to you or brought against you prior to inception of the first Policy period or any act, error, omission, fact, incident, circumstance or loss event first committed or occurring prior to inception of the first Policy period that senior management knew, or should have reasonably known, could result in a claim, a regulatory action or loss.
 2. act, error, omission, fact, incident, circumstance, loss event or other matter that has been notified to any insurer of any other insurance Policy in force prior to the inception date of this Policy period.
 3. actual or alleged act, error, omission, fact, incident, circumstance or loss event or continuing actual or alleged acts, errors, omissions, facts, incidents, circumstances or loss events first committed or occurring prior to the retroactive date.
- P. Property damage: any physical injury to, destruction of, or loss of use of any tangible property.
- Q. Related party: any claim made by you or on your behalf against you. This exclusion will not apply to any claim made by an employee.
- R. Sanctions
- any provision of cover, payment of any claim, claims costs, loss, PCI claimer regulatory action claim or provision of benefit that would expose us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States
- S. Statutory violations: any actual or alleged violation of or failure to comply with any of the following:
1. anti-bribery, money-laundering, racketeering law, regulation or similar legislation;
 2. local or foreign law, rule or regulation relating to unsolicited communications or any other antispam or do-not-call statutes, rules, regulation or legislation;
 3. securities law, regulation or similar legislation;
 4. pension or retirement benefit laws, regulation or similar legislation; including any amendment thereto or any similar provisions of any federal, state, local or foreign statute, regulation, common law or rule or regulation promulgated under any of the foregoing.

T. Terrorism and Political Violence

any act of terrorism, strike or similar labour action, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions; including all amounts, directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to the above. However, this exclusion shall not apply to cyberterrorism.

U. Third party funds: any actual or alleged loss, transfer or theft of funds, monies, securities or tangible property of a third party by you.
V. Unfair and deceptive practices

any actual or alleged unfair, deceptive, or unlawful trade practices, inaccurate, deceptive or misleading advertising, consumer fraud, inadequate, or incomplete description of goods or services, cost guarantees, unfair competition, restraint of trade or antitrust violation.

W. Unauthorised tracking any use of any tracking code including, but not limited to, conversion pixels, re-targeting pixels, time delay pixels, Post back URLs and tracking tags
X. War

1. war; or
2. a cyber-operation

We shall have the burden of proving that this exclusion applies. Attribution of a cyber-operation to a state:

- 1 The primary but not exclusive factor in determining attribution of a cyber-operation shall be whether the government of the state (including its intelligence and security services) in which the computer system affected by the cyber-operation is physically located attributes the cyber-operation to another state or those acting on its behalf.
- 2 Pending attribution by the government of the state (including its intelligence and security services) in which the computer system affected by the cyber-operation is physically located, we may rely upon an inference which is objectively reasonable as to attribution of the cyber-operation to another state or those acting on its behalf. It is agreed that during this period no loss shall be paid.
- 3 In the event that the government of the state (including its intelligence and security services) in which the computer system affected by the cyber-operation is physically located either: a) takes an unreasonable length of time to, or b) does not, or c) declares it is unable to attribute the cyber-operation to another state or those acting on its behalf, it shall be for us to prove attribution by reference to such other evidence as is available.

Y. Wear and tear ordinary wear and tear, slow-down or gradual deterioration of your computer systems or your data assets.
What is the duration of the policy?

The policy will be issued for a period of one year.

What is the procedure for cancellation of the policy?

Your Policy may be cancelled by You at any time by giving fifteen (15) days' notice to Us in writing. The cancellation will take effect from the date We receive Your notice. Premium refund will be as per the Policy terms agreed between You and Us.

Your Policy may be cancelled by Us at any time by giving fifteen (15) days' notice to You in writing on the grounds of misrepresentation, fraud, or non-disclosure of material facts or non-co-operation. The Policy will be cancelled without any refund in premium.

Your Policy will automatically be cancelled from the time Your business becomes insolvent or is wound up or is permanently discontinued or a liquidator, administrator, receiver, manager and/or trustee in bankruptcy is appointed to You or any of Your assets.

No refund of premium shall be due if the Insured has made a Claim under this Policy.

What is the Claims procedure?**IN EVENT OF A CLAIM:****a. Notice of claims and loss events**

1. The named insured shall give written notice to us as soon as practicable of a claim, loss event, PCI claim or regulatory action
2. All notifications under this Policy must be provided to us via our representatives named in the Policy Schedule.
3. A claim, loss event, PCI claim or regulatory action will be considered as reported to us when written notice is first received by our representatives named in the Policy Schedule.
4. All notifications under this Policy shall include the following information:
 - a. Specific details of the alleged claim, loss event, PCI claimer regulatory action
 - b. Details of all parties involved including names and contact information
 - c. details of potential damages, loss, PCI fines, PCI assessments, regulatory penalties or other amounts covered under this Policy
 - d. Such other information as we may require
5. Requests made under this Policy for the indemnification of loss of business income and/or data restoration expenses you must be accompanied by a written, signed and sworn proof of loss for all known loss of business income and/or data restoration expenses. If we have not received such proof within six (6) months after expiry of this Policy or expiry of the period of restoration, we will be discharged from all liability hereunder. Such proof of loss must include:
 - a. a full narrative description, timing, relevant location, witness statements, expert reports, system logs, information or documents relevant to the consideration of the loss event;
 - b. the location, description and statement of your interest in the data assets and computer systems affected by the loss event; and



- c. the amount of any claimed loss of business income and/or data restoration expenses, accompanied by a fully evidenced calculation.
6. If during the Policy period or extended reporting period senior management first become aware of any circumstance that is likely to give rise to a claim or regulatory action, then the named insured must provide written notice to our representatives in the Policy Schedule as soon as practicable after senior management first become aware of the circumstance in compliance with the requirements set out above. Any subsequent claim or regulatory action made against you arising from the circumstance that is the subject of the written notice will be deemed to have been made at the time when the written notice was provided in compliance with the requirements set out above.

We will assign a forensic expert on receipt of the claim documents as mentioned above to investigate the claim and estimate the damage.

The claim will be settled as per the terms and conditions of the policy.

Section 41 in the Insurance Act, 1938

41. Prohibition of rebates

(1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer: Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

(2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.