

# CLEAR VIEWPOINTS

*From Industry Leaders We Know and Respect*



**James Venezia**  
Phoenix Insurance Group Inc.

Jim is an insurance and risk management professional who began his career in 1985 after graduating from Villanova University with a degree in Accountancy.

He creates, evaluates, improves and manages insurance programs (from simple to highly complex) which help innovative, entrepreneurial, and disruptive organizations, executives and professionals manage risk and add value to their operations. Jim is a student of insurance as well as a student of his client's business operations, translating knowledge into superior decision making. His unique value in achieving consistently excellent outcomes is based upon his level of fitness, experience, network and ability to simplify and communicate complex insurance and risk management matters.

Jim has a passion for working with visionaries in all walks of life and an interest in learning from all individuals. He has been fortunate to work with many innovators, thinkers and disruptors; experiences that have provided insights about business and life - successes, failures, reinvention, growth and decline, which he incorporates into his work, guidance, sharing and path.

Jim is active in the community through the Chatham Special Education Parent Advisory Group and the Morris County Economic Development Corporation (MCEDC). Over the years he has volunteered in youth sports as a coach and conditioning trainer.

**Q: What led you to pursue a career in insurance and risk management?**

**A:** Being born into the insurance and risk management field was instrumental to my pursuit of insurance and risk management as a career, which I embarked on after graduating with an accounting degree from Villanova University. A more interesting question is what led me to pursue an insurance and risk management niche is the area of innovator, disruptor and emerging risk.

The fact is, I am a bit of an insurance nerd, fascinated by the nuances of language and the perils which have unique economic impacts. With this type of constitution, I have always gravitated toward learning and deep thinking. While most of my peers develop business in a more traditional sales-oriented style, I have carved out a unique place as problem solver, solution finder and crafter of customized, sustainable insurance programs designed to meet client's specific needs.

**Q: What is cyber risk insurance and what does it typically cover?**

**A:** Cyber risk insurance is a product designed to address the perils of, and risk management for, the modern digital, knowledge, information based economy. From an insurance perspective it is a product that is following the risk and business revenue generation trend from tangible property to intangible property, data and information. For instance, while most business decisions makers emphasize insuring traditional property

and liability exposures, the incident of claims in these areas is stable (or even declining through risk management and loss control protocols developed based upon hundreds of years of experience), compare this to the escalation in cyber related claims from data breach to business interruptions triggered by malware attacks, social engineering and people failures specific to information security (a more recent phenomenon with attack vectors that continue to evolve, remaining uncertain and unpredictable – the exact reasons for financing risks through insurance).

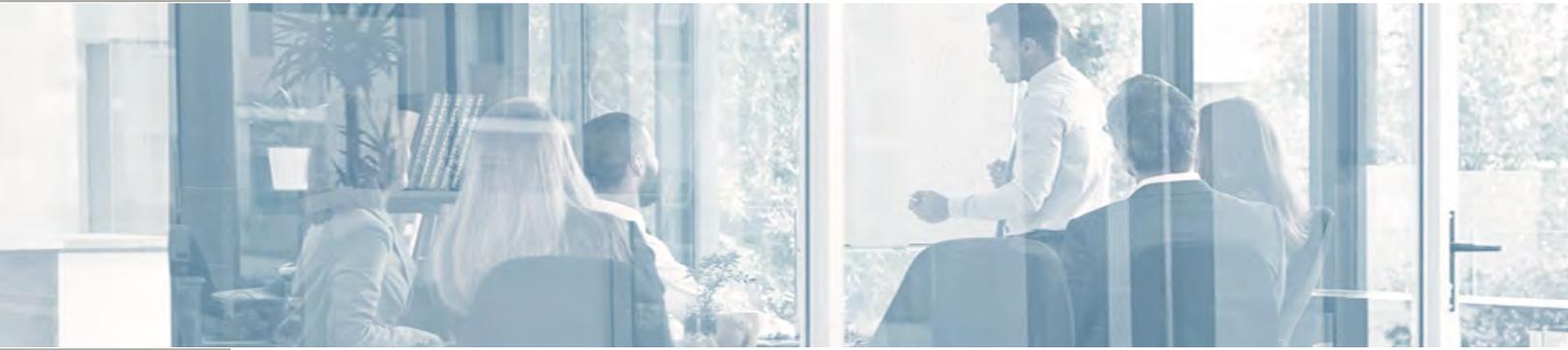
A cyber risk insurance policy has two broad coverage parts:

3rd Party Liability Coverage is generally broken into the following categories:

- Network Security Liability
- Privacy Liability
- Regulatory Fines & Penalties
- Media and Content Liability

1st Party Costs:

- Forensics Expenses for Data Breach, Malware and Other Cyber Perils
- Data Breach Expenses (which coverage a broad swath of expenses for notification responsibilities to reputation repair)
- Business Interruption Coverage
- System Failure Coverage
- Bricking and/or Betterment Coverage
- Data Restoration
- Crime cover for specific cyber related financial crimes / thefts



Additional Benefits:

- Cyber Risk Management Services
- Employee Training Tools
- Information Portals

While many policy provisions are similar across various insurers there are a number of policy areas where coverage variations can be significant, making it important to understand the scope of coverage relative to an organizations specific risk profile.

The most important reason to include cyber risk insurance in your insurance portfolio is the support services available at the time of a breach or malware event. The coverage provides you with a pre-paid 'go to' for covered claims.

**Q: Why do businesses need cyber risk insurance? When should they explore coverage options?**

**A:** When you read about all of the large sophisticated businesses which suffer data breaches and malware attacks it makes you recognize the difficulties in completely securing your technology from peril. This being the case, most small and middle market organizations do not have the budgets, for cyber security, which are available to those larger organizations making them more susceptible to these perils and complex business disruptions which can be difficult to survive without the supportive services and financing provided by cyber risk insurance. While sustained operations and disaster recovery are the primary reasons for securing cyber risk insurance, the main driver is often a contractual requirement to provide such coverage. Many organizations recognize the value of supply chain risk management; cyber risk and related insurance are on their radar, these concerns a push down to the supply chain through contractual insurance requirements.

No business should wait to explore this coverage, the stakes are too high; look into now.

**Q: We often hear about data breaches at larger companies. What do you tell small business leaders who are aware of the risks but don't think the threat will reach them?**

**A:** It is my understanding that many attacks are broad based and seek those systems and the infrastructure which are the easiest to penetrate, what has been described as the 'low hanging fruit.' As noted, small business do not have the budgets to 100% cyber risk proof their business, it appears that no organization has such a budget nor ability; why take a chance? Most businesses are buying insurance against perils less likely to occur than a cyber event; the level of uncertainty surrounding cyber risks is sufficient to warrant cyber risk insurance coverage as part of an organizations business operations, customer risk management and contingency planning.

**Q: Are certain industries more prone to cyber attacks?**

**A:** I don't particularly like this question as a response may cause those in less visible industries to assume that there is a lower risk of attack. From my perspective and research, those most prone to peril are those who are the least well prepared as these attacks are often like weather events encompassing a large geographic area and insensitive to any specific entity. When a weather strikes those structures with the least safeguards suffer the most significant damage, cyber risk loss profiles parallel a similar profile.

**Q: Can you identify a major trend that you believe will impact cyber risk insurance in 2019?**

**A:** There will be an ongoing incidence of business interruptions impacting cyber risk insurance, such disruptions will likely put pricing pressures on the coverage in 2020 and 2021 as well as tightening



underwriting standards. There will also be a stronger emphasis on risk improvement recommendations by insurance companies, to their insured's, to maintain best cyber practices relative to their industry and business size. Furthermore, insurers will continue to differentiate their products through risk management services and place a high value on having clients use the services to be more resilient against cyber attacks. Specific to the risk management services, there will certainly be a significant call to educate employees through (cyber) awareness training.

**Q: Can you share a business philosophy that you live by?**

**A:** The business and life philosophy that I live by is Mastery. My interest is in continuously learning, experiencing and applying the rich lessons that life has to offer through nature, natural phenomenon, personal and business interactions and endeavors. For me, it's essential to strive for Mastery from a mental and physical perspective. To remind myself of this I named my insurance and risk management consulting firm Animal Genius Sage LLC.

**Q: What are some of your personal interests?**

**A:** I have always had an interest in Mindset and began reading about meditation and visualization for athletic (physical) performance at a young age. This fascination has continued to this day and constantly takes me to new levels of exploration, understanding and performance. We don't come with a manual, from my perspective life fulfillment is predicated upon our ability to understand ourselves and others while crafting our motivations in positive ways. Realizing the pliability of the mind allows one to craft a Mindset which can lead to more favorable life outcomes and experiences.

Related to Mindset I have an interest in strength finding – a personal mission to spread the word that

education needs to be as much about non-academic strength finding as academic pursuits, with emphasis on helping those with learning differences who have high levels of intelligences which get pushed aside in the quest to build weaknesses geared to 'school' learning.

**Q: Do you have any advice for someone interested in a career in insurance and risk management?**

**A:** Some careers and sectors within the insurance industry, like many other industries, have become mechanical and 'in the box' driven, which can be trying on anyone interested in being fully engaged and having that engagement rewarded. Other sectors of the industry can put you right in the middle of the economic action, working with people and businesses which become economic game changers locally, regionally and globally. It's engaging and rewarding to seek out opportunities in the realm of the latter, in order to do that make sure you are prepared with the right education and a broad understanding of finance and economics. When you are considering a position, have a strong understanding of your value or potential value and where you may fit (know who you are and what you have an interest in bringing to the table). Finally, formulate, and ask, a lot of questions about where the role can lead and the Mindset of those that you will be interacting with.

For instance, the Mindsets that I work best with are the Innovators, Disruptors and Professionals interested in excellence and game-changing initiatives. I have been lucky (opportunity plus preparation) to have carved out a niche in this area; it starts by defining yourself.