

Protect Your Small Business From Social Media Risks

Social media platforms such as Facebook, Instagram, TikTok and X provide innovative ways to connect with your customers and market your business.

You can communicate changes to business hours, exclusive sales and community activities, and interact with the public through online surveys, customer feedback and sharing.

But social media also poses risks to your business. Your small business can suffer serious losses if you don't have a social media plan, protect your social media profile or have the proper liability coverage for your activities.

When creating your social media plan, keep these top risks in mind.

SECURITY THREATS

Any social media account can be hacked or copied. Social media troublemakers may post material that can damage your brand or send your followers messages with viruses attached. If your account is copied or used for nefarious purposes and your customers aren't aware, it can take time to regain their trust.

To protect against hacking:

- Avoid clicking on suspicious links sent to your social media account.
- Change your account passwords at least every six months.
- Create a central social media management system with

firewalls.

- Limit administrative privileges.

DATA COLLECTION REGULATIONS

You can gather a large amount of data from your customers and clients through social media. Clients may subscribe to email lists, which gives you more personal information. Or they may make purchases, which gives you financial information.

Whenever you collect data, follow applicable regulations on how to collect, store and process that information. You'll also need to protect confidential data from malware, hackers and dissemination among your workforce.

DAMAGE TO YOUR REPUTATION

Every post should align with your brand and help your customers feel closer to your business.

To ensure your online content and interactions do not harm your reputation:

- Claim all profiles of your business so you can control how your business looks.
- Create a social media plan for your content, including guidance on what types of content are OK to share.
- Determine how you will respond to messages and comments on your page.
- Limit the number of employees who can post as your business.
- Train these employees on your brand and what content is OK to post.

INTELLECTUAL PROPERTY INFRINGEMENT

When you use social media personally, you probably don't think about who owns the rights to the music video you just shared or the picture you just posted. But as a business, you must be aware of the legal issues involved in posting content.

For instance, you cannot create an ad that uses a photograph you don't have the rights to. Similarly, you

can't make a promotional video using a song you don't have permission to use. If you want to use someone else's material, like photos, music, videos or artwork, you must have explicit rights to use those assets. If you don't, the owners can sue you for using their intellectual property without permission.

CYBER LIABILITY INSURANCE

It's important to include cyber liability insurance in your insurance strategy, especially if you handle a large volume of personal data, take payments online or post on social media. Even if you have security measures, remember they aren't foolproof.

When considering cyber liability insurance for your small business:

- Conduct a risk assessment.
- Determine how much risk you are willing to take on (a process called cyber loss modeling).
- Assess your cybersecurity using an appropriate framework. Some industry groups specialize in this.

Cyber insurance may help protect you against losses associated with security breaches, data loss, phishing scams, cyber extortion and hijacked accounts. However, it won't protect you from erroneous or damaging posts you or your employees make.

MEDIA LIABILITY INSURANCE

If you produce or market online content, such as articles, blogs, photos, social media posts, reviews, e-books, videos or photos, you should consider media liability coverage.

Media liability insurance is a form of errors and omissions insurance that helps protect against liability risks posed by engaging online. These include defamation, misrepresentation and intellectual property infringement.

MONITOR AND ASSESS

Having a social media presence is essential for small businesses these days, so integrate it into your operational costs. Pay someone to own the platforms and monitor their use daily. Keep your content positive and aligned with your brand, and make sure your insurance coverages don't leave social media gaps.



If you have questions specific to your business, or would like additional information, please reach out to your Lloyd Sadd Advisor.

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