



## Risk Management

# The Growing Risk of Speaking Out on Social Media

**A**S PEOPLE become more outspoken online, it's now more important than ever for business owners and managers to refrain from making incendiary comments or taking political stands in their social media feeds.

With politics really heating up all over the country, many businesses have suffered backlashes for their actions or postings on Facebook.

Social media can be a great way for a business to market its products and services and engage with its customers and the public at large, but as the examples to the right illustrate, it also carries a number of risks.

Not only that, but your company is vulnerable to swift and potentially harsh criticism for any actions or stances it takes or if it causes any damage as a result of its operations.

Also, statements or comments by management or employees are taken by the public or customers to be representative of the company, more than posts made by individuals.

Besides reputational damage, other key risks include:

**Consumer protection laws** – You may breach consumer protection laws by making false or misleading representations about products or services.

## SOCIAL MEDIA BACKLASH

- The owner of a Massachusetts coffee shop closed her business because of the firestorm created when her daughter, the store's manager, made anti-police comments on Facebook.
- A Pontiac business owner in Troy, MI, received a major online backlash after a photo containing a racial slur was posted to his Facebook page. The effects were swift for the company and hurt its sales, according to local news reports.
- An Arizona restaurant was forced to close its doors indefinitely after a politically charged Facebook post about the president and the national anthem kneeling controversy that the eatery's owners wrote prompted mass criticism from social media users.

See 'Misguided' on page 2

## ..... WELCOME TO OUR NEWSLETTER .....

GIA is pleased to bring you the Fall/Winter edition of our agency newsletter.

We value you and appreciate your business. Our goal is to provide excellent service, competitive pricing, and products tailored to meet the special needs of our clients.

We hope the articles in this Holiday edition will provide insight into an array of insurance subjects, and we urge you to contact us with questions and comments. While we will be focusing on Commercial Lines topics and issues, we will include articles of general insurance interest from time to time. GIA is a full-service Independent Insurance Agency with dedicated departments for Personal and Commercial coverage including Life and Health.

***Happy Thanksgiving, Merry Christmas and Happy New Year  
from our GIA family to you and your employees!***



If you have a coverage question,  
please call us at:

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# There Is No Coverage for Misguided Public Statements

**Breach of privacy laws** – This could arise if you or one of your staff publishes (even inadvertently) confidential information on social media. This could even apply to a private account of someone who has access to any records in question that may be divulged.

**Defamation, libel or slander** – A company representative may make defamatory statements about someone on your social media. It should also be noted that as

material that is published online is typically available throughout the world, this could in certain circumstances expose the business to claims or suits in jurisdictions outside of where its key business operations are.

**Copyright infringement** – A company representative may publish something with copyright issues.

## The takeaway

If your company has any type of social media presence, you need to devise and implement social media policies for your business accounts as well as for employees. If you don't, you are leaving yourself open to a raft of potential liability, damage and costs.

But sometimes, even with the best policies in place, people can still act out of line, or go rogue. Three forms of coverage can help:

**General liability insurance** – Your general liability policy broadly protects you from third party lawsuits brought against you for reasons such as harm to another company or individual's reputation, copyright infringement, libel or slander. Generally, this policy could cover a social media lawsuit.

That said, all commercial policies are different, and there are limits to what it would cover. For example, many policies do not cover media-related lawsuits.

**Umbrella policy** – This would kick in in the event of an action where the limits of your general liability policy are breached. It would give you an added layer of protection.

**Media liability coverage** – This type of errors and omissions coverage was originally designed for publishers and media outlets, but it can now be tailored to a specific business based on the named perils it covers. It could include coverage for:

- Defamation, libel and slander
- Regardless of who is at fault, report the claim immediately.
- Copyright infringement
- Breach of implied contract, license agreement, or product placement agreement. ❖

## No cover for courting controversy

There is no coverage for a company leader making commentary that prompts a boycott. Try to keep politics out of your social media and resist the urge to pontificate.





# Prompt Claims Filing Reduces Costs, Avoids Litigation

**W**HILE A DRIVING employee may be flustered after an accident and may not be thinking of reporting the incident immediately, for the policyholder, the clock starts ticking the moment the accident has occurred.

To ensure that the claim is dealt with in a timely manner and to prevent a number of unforeseen consequences, the sooner after an accident that you report a claim, the better.

The reason it's so important is that there is often a third party involved. If there is a gap between when the accident occurs and your insurance company getting involved in the claim, the chances the third party may take legal action increase.

This is especially true in commercial auto accidents, since some people may be more likely to take legal action in the belief that a business has deeper pockets than an individual. And with a third party that is out of the business's control, there are more uncertainties.

Here are a few reasons why dawdling on filing your commercial auto claim can be detrimental to you:

**Better chance the third party takes legal action** – The longer it takes the insurer to contact the third party and/or their insurer, the more likely they will secure the services of a lawyer. Prompt response puts the other party more at ease and makes them confident the claim will be handled in a timely manner that makes them whole again.

**Claims costs can increase** – As time ticks on filing the claim, costs (for your firm and the third party) are likely to rise, including:

- Repair costs
- Car rental costs
- Down time for the vehicle
- Storage costs, and more.

**More time spent dealing with tasks following the accident** – If you delay in filing the claim, you will have to take on some of the administrative work that the claims adjuster would normally handle. Claims adjusters have at their disposal resources you may not have access to, such as specialist repair and recovery services.

**Reduced chances of a good result** – Claims adjusters are trained in assessing your liability after an accident, and are also trained in detecting fraud by the other party. The more that time passes after the accident, the harder it will be for the claims adjuster to detect any fraudulent activity on the part of the third party.

**Reputation and brand vulnerability** – These days, many people take their grievances to social media. If a member of the public feels slighted by your firm or that your company mistreated them in some way, they may vent about you on Facebook or Twitter or other social media platforms.

If, however, you file that claim quickly and the claims adjuster reaches out to them, the chances that the other party feels victimized will greatly diminish. Also, claims adjusters are adept at working with third parties and know how to relieve their stress about the accident.

## Getting claims reported on time

As you can see from the above, it's imperative that your insurer knows about the accident as soon as possible so we can assign a claims adjuster to step in.

Never assume a claim will "just go away."

## Steps You Can Take Now

- Assess your internal reporting procedures for auto incidents. A lengthy internal chain of command slows down reporting to us.
- Regardless of who is at fault, report the claim immediately.
- Discourage your employees from trying to resolve the claim directly with the third party or their insurance company.
- Include incident reporting as part of your fleet safety program. Make sure employees know to report accidents.

The bottom line is you can trust your insurer's claims department to handle the claim expediently and professionally. Leaving it in the claims adjuster's hands will ensure the claim is investigated and that all claims are paid fairly. ❖





## Risk Management

# Your Firm May Need Professional Liability Coverage

**M**ANY COMPANIES are leaving themselves exposed in one key area as they take on high-end professional services work.

As more work is intangible, many firms are missing a critical element of protection for their professional services.

Professional liability insurance in the past was mainly purchased by architects, accountants and lawyers, but with more work like coding, programing and other ventures spawned by technology, the need for this type of protection has grown.

In fact, a recent report by *Forbes Insights* and The Hanover found that 40% of small business owners believe they face professional risks, yet they have not purchased professional liability coverage as part of their overall insurance package.

Many more firms are in the business of consulting or providing hi-tech services.

In addition, the rampant growth of social media has also fueled the need for this type of coverage.

Professional liability insurance, also called errors and omissions insurance (E&O insurance), protects your firm if you are sued for negligently performing your services.

### Coverage gaps

If you are relying solely on a general liability policy, it may not cover you in the event of a lawsuit over an issue with the services that you have rendered.

Professional liability coverage can be especially important if you have customers who sue you for non-performance of your products or services, or withhold payment due to a contract dispute.

### What it covers

**Negligence** – Professional liability insurance coverage can protect you and your business against actual or alleged errors and omissions that may occur while providing your professional services.

These claims can include anything from giving incorrect advice or omitting a piece of information, to failing to deliver your service within a desired timeframe.

**Legal costs** – The policy includes covering your legal costs in defending against a claim. Some insurers will even appoint an attorney to represent you. ❖

## BUSINESSES THAT NEED COVERAGE

- Technology and software firms
- Health and beauty services
- Therapists
- Architects
- Engineers
- Real estate agencies
- Consultants
- Marketing/ advertising firms
- Medical professionals
- Wedding and event planners

## WHEN COVERAGE WOULD KICK IN

- A marketing consultant develops a drip e-mail campaign for a retailer that doesn't generate the number of leads expected.
- A management consultant develops an organizational strategy to improve communications in a company, but problems persist at the client and communications don't improve.
- A software developer fails to develop an app to the client's specifications.