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Protecting your social media income through insurance, Sept. 20, 2022, PropertyCasualty360, authors Louie Castoria, Esq. and Berlinie St-Fort, Esq.

Media liability insurance has been available for decades, protecting authors and businesses that publish their work in print, on the air, and on the Internet, because freedom of speech and of the press doesn't guarantee freedom from lawsuits and business interruptions. And where new modes of communication create new risks, new kinds of insurance are sure to develop.

There is a new breed of media moguls, monetizing their online material on social media, such as Instagram, and developing cadres of followers who hunger for fresh, free content. The authors receive advertising revenue, which can be substantial. What could go wrong? Among other disruptions, social media accounts can be hacked and silenced by the hacker, holding the account for ransom until it is paid. Without a continuous flow of new material, the advertising revenue dries up. If the disruption lasts long there is a risk that subscribers will switch to another source. Paying ransom is distasteful and encourages hacking. Is there an alternative? We know of an innovative company that is stepping in to staunch the monetary bleeding and get media purveyors back in business. Where one exists, others may follow.

Meet some social media influencers

Massy Arias, David Chang and Zoe Sugg are prominent and successful social media influencers. As of Aug. 22, 2022, the trio have jointly attracted 13.7 million followers, a group following comparable in size to the population of the Commonwealth of Pennsylvania (12.79 million, as of the 2020 census). Massiel Indhira Arias, a.k.a. "Massy", is a Certified Personal Trainer with approximately 2.7 million followers on Instagram. Arias has helped thousands of people transform their bodies and improve their lives through fitness programs and personal training. Aria's work has inspired a new generation of online trainers in the fitness industry. David Chang wears several hats. He's an American restaurateur, author, podcaster and television personality. Most notably, David is known as the founder of the Momofuku restaurant group, which has modernized Asian cuisine. He was selected as one of Time Magazine's 100 Most Influential People in 2010. Chang has used his Instagram account to spread his passion for the culinary arts.

Zoe Sugg, also known by her YouTube name "Zoella," is an English social media personality, entrepreneur and author with a whopping 9.3 million Instagram followers. Sugg's social media following originated from her YouTube channel, where she posts VLOGS (video blogs) that document her love for fashion and all things beautiful. She has since spread her following across multiple platforms including Twitter, Instagram, Facebook and Pinterest. Sugg and her team continue to share highly addictive and relatable content on her Instagram page.

Instagram has provided these creative entrepreneurs with a platform to share their passions, while making a living. For instance, Arias can earn at least $20,000 per sponsored post on her Instagram page. Several social media content creators and small business owners use Instagram to supplement their income or as their primary source of income.

In an ideal world, content creators would be able to post on their Instagram and other accounts without the fear of being locked out. Unfortunately, this is far from reality in today's era of cyberattacks and data breaches. Social engineering scams are the leading cause of Instagram accounts being hacked. Scammers are known to target accounts with large followings to find individuals to con. While users may believe "It will not happen to me," it is easy to fall victim to social engineering hacks and other phishing scams. According to the Federal Trade Commission, more than 95,000 people reported about $770 million in losses to fraud initiated on social media platforms in 2021.

Like any source of revenue, Instagram accounts are valuable and worth protecting. Instagram users spend endless hours building their following and curating content to meet the demands of their followers. In turn, content creators and small business owners receive income from their sponsored posts. Traditional business owners have the benefit of procuring business interruption insurance to replace lost income or pay for unexpected expenses when a business is interrupted by a covered peril. What monetary protections are afforded to creators who use Instagram to generate revenue? None; at least until Summer 2022.

Notch, an Israeli startup company, had content creators in mind when the company launched insurance policies for Instagram accounts. Notch provides protection for Instagram accounts that use Instagram to generate a minimum amount of digital revenue, through sponsored posts or direct sales. Some highlights of Notch's Instagram insurance product include: (1) Real-time monitoring of accounts for security; (2) Crisis management to help content creators recover their account, and (3) Daily payouts for each day Instagram account holders do not have access to their account due to a hacker.

Once an Instagram user's account gets hacked, Notch will begin making daily payments 48 hours after the approved claim is made. Notch's policy is only available to Instagram users who have been hacked at this time, but the company may expand to cover other disruptions and social media accounts.

There may already be other companies offering or preparing to offer similar insurance services, and this is not intended to be an endorsement for Notch.

Comparisons to traditional media insurance

Some traditional media liability insurers also offer business interruption coverage for the kinds of incidents that might befall a brick-and-mortar media company. Many companies have recently experienced region-wide power outages, supply-chain failures, and physical damage to company property caused by accidents, natural disasters and malicious conduct, among other events. Business interruptions in those contexts are by-products of the physical losses that spawned them. Restoring the stream of commerce requires physical repairs, rebuilding or replacement.

In social media business interruptions, there may be no physical losses at all. One moment the user's account is fine, the next moment it has been highjacked and locked down by an online pirate who may be the user's neighbor or someone half a world away.

The future of social media insurance

The insurance industry is ever evolving, recognizing that paradigm shifts require companies to swiftly adapt to consumer needs. Notch took advantage of the opportunity to produce a product where there was an opportunity in the market. In doing so, Notch has incentivized other insurance companies to adapt or get left behind.

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