

CAKE & ARROW

# Insurance in the Age of the Gig Economy

What happens to insurance when business gets personal?



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# Trading in Stability for Flexibility



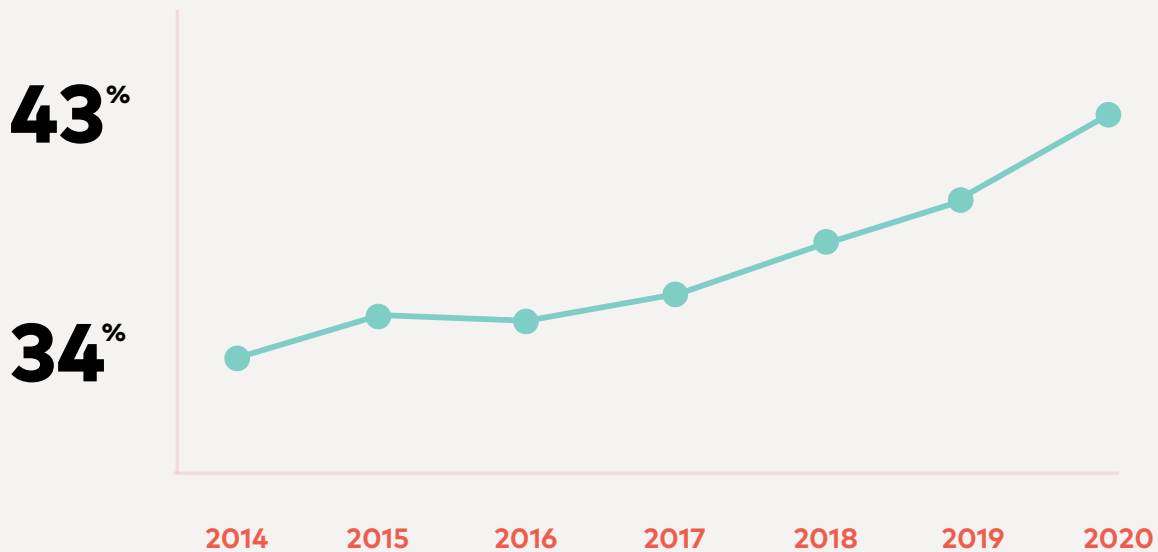
# Executive Summary

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## **Working in the Gig Economy has its perks, but how do workers mitigate personal risk without the support of employers?**

As of 2014, 34% of the US Labor force, or between 54 and 68 million people, is comprised of independent workers. This figure, which exceeds government estimates by nearly 5%, is expected to grow to 40% by the year 2020 (Freelancer's Union, 2014). On-demand platforms such as AirBnB, Uber, TaskRabbit, and Upwork have played an enormous role in growing the independent labor force. While platform workers currently account for only about 15% of the independent labor force (McKinsey Global Institute, 2016), the rise of so-called Sharing Economy platforms have significantly shifted mindsets about the nature of independent work, making supporting one's self independently increasingly appealing and appear more feasible. By empowering freelancers and other independent workers to connect with businesses and buyers of their services at a scale that has never before been possible, these platforms are inspiring an unprecedented number of workers to flee the constraints of the traditional workplaces in favor of more autonomy and flexibility in their work—in the process helping to create an entirely new kind of labor force, which has come to be known as the Gig Economy.

## Percentage of Gig Economy Workers in the US Labor Force



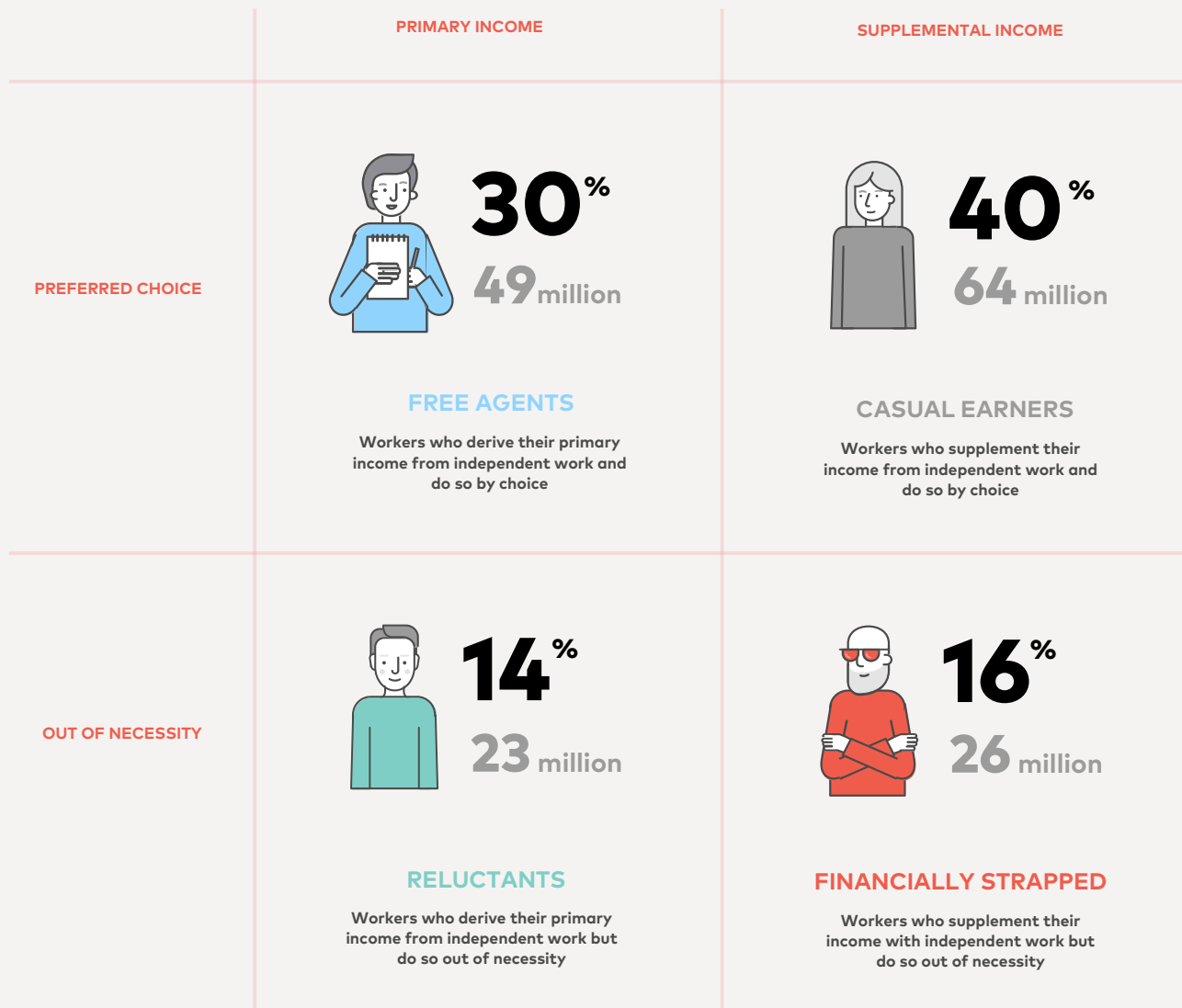
Source: Freelancer's Union, 2014

## WHAT IS THE GIG ECONOMY?

The gig economy is characterized by companies and workers who engage with one another through short-term contracts and freelance work rather than full-time employment. While Gig Economy workers are often considered to be those specifically engaged in online platform-based work, we are using the term more broadly, to refer to all independent workers, whether facilitated through a platforms like Upwork or TaskRabbit, or conducted through more traditional channels. Our definition also includes those in the Sharing Economy— that is, workers who make money off of renting or sharing assets, such as apartments or homes, cars and other vehicles, and even services like rides. This broadening seems appropriate given that workers increasingly cobble together their own income streams and work lives through a combination of various kinds of work, some exclusively through freelance and platform work, and others by combining independent work with more traditional, full-time employment.

As far as work habits go, Gig Economy workers tend to fall into four categories:

## Gig Economy workers fall into 4 categories:



Source: McKinsey Global Institute, 2016

While Gig Economy workers, particularly those who consider themselves “free agents”, tend to report higher levels of job satisfaction than more traditional workers (McKinsey Global Institute, 2016), Gig Economy work is not without its shortfalls. These same workers who are compelled to enter the Gig Economy by the promise of greater flexibility and autonomy in their work often lack healthcare and other benefits and go without the protections traditional workers enjoy from their employers.

## INSURANCE IN THE GIG ECONOMY

In an article about her month spent as a “micro-entrepreneur” in the Gig Economy, reporter Sara Kessler described the “intoxicating” vision sold to Gig Economy workers like this: “Whatever you do, it will be your choice. Because you are no longer just an employee with set hours and wages working to make someone else rich. In the future, you will be your very own mini-business.”

She goes on to paint a far less rosy picture based upon her actual experience working as a Gigger for a month, one riddled with the complications, unexpected expenses, and other difficulties that arise when self-employed (Kessler, S. 2014).

Because Gig Economy workers are typically not considered full-time employees of an organization, they are unique in the labor force in that they often assume high levels of personal risk absent in more traditional forms of labor. With little access to traditional employee benefits like disability or worker’s compensation, and often without insurance to cover claims regarding their business dealings, Gig Economy workers are more exposed to risk, and are particularly vulnerable to loss of income that can result from things like litigation or illness and injuries that render them unable to work.

While many Gig Economy workers do hold personal insurance policies like homeowners or renters insurance, auto insurance, and health insurance, these insurance policies often do not cover the unique spectrum of risks incurred by Gig workers. And as the lines between what is personal and what is business blur, so does what is and what is not covered under personal and commercial policies. For example, traditional homeowners policies include restrictions

around damage incurred by guests or renters, leaving AirBnB and HomeAway hosts exposed to additional risks. Similarly, most personal auto policies exclude liability when the vehicle is being used for livery. Even those with comprehensive umbrella coverage can find themselves caught in the lurch.

While some of the share platforms have begun offering their user's some form of coverage, it is often limited or insufficient. For example, AirBnB enrolls all of its hosts into their "Host Protection Program," a program which works kind of like insurance, except that no AirBnB host is actually named as the insured on any policy, and whether or not a claim gets covered is entirely at the discretion of AirBnB (Silver, C., 2016)

Ride Sharing policies offered by companies like Uber and Lyft can be similarly wishy washy, with coverage levels varying based upon whether a driver is online waiting for a ride request, in route to pick up a rider, or actually has a rider in the car – exposing drivers, most of whom are using their own personal vehicles, to risks they often do not fully understand (Lovegren, L., 2016).

What's more, internet workers, or those who freelance in fields like marketing, graphic design, writing, or IT/programming are left with even fewer options for insurance, and are often uninformed about the risks their work entails. Recently, new insurance products like Eagerto, launched by the Argo Group, provide liability insurance to freelancers, but these products are still few and far between and are fairly limited in their offerings.

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As a customer experience design agency with a robust insurance practice, we are in the business of designing experiences for insurers that help them better connect to customer pain points and anticipate and respond to changes in the market. As such, our work always begins first and foremost with the customer. In undertaking this study, we surveyed 55 Gig Economy workers in an effort to understand more about the mindsets of this growing subset of workers and the unique risks involved in their work. In doing so, we hope to be better equipped to advise the industry and specifically our own insurance clients on how new insurance models might better address the unique needs and risks of this population.



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# Getting Inside the Minds of Gig Economy Workers



# Scope & Methodology

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This research was designed with the intent of better understanding the mindsets and behaviors of Gig Economy workers around insurance. In doing so, we hope to make more informed recommendations to our clients regarding how they might create new insurance products and design new models that address the unique needs and risks of Gig Economy workers.

## RESEARCH GOALS

Our survey aimed to gain insight into the mental models of the 34% of the US labor force who fall under the category of independent or Gig Economy workers, with particular attention to differences between two subsets of Gig Economy workers: the insured and uninsured. We aimed to understand more about:

- *How each group's preconceived notions of insurance impacts shopping and purchasing behavior;*
- *How Gig Economy workers perceive their work in the Gig Economy. How integrated are their work lives with their personal lives, and how does this impact their understanding of the need for insurance;*
- *What needs are and are not being met by the current insurance marketplace; and*
- *How insurance companies can evolve their offerings to better address the needs of Gig Economy workers.*

## METHODOLOGY

Survey respondents were recruited via Respondent.io using a screener designed to determine whether users fell into the target age group; engaged in some form of contract, independent, or freelance work; and whether or not they had insurance to cover their business or independent work.

Once recruited, respondents were then invited to partake in a seven part, 53 question survey inquiring about the following:

- *Work habits, mindsets, behaviors, and expectations around independent work;*
- *Personal and business decision making processes around insurance; and*
- *Demographic information.*

Respondents with and without insurance were divided into subcategories, and fed a unique subset of questions based upon their responses.

# SAMPLE

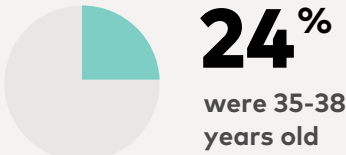
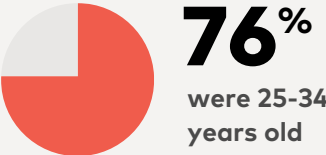
Our research sample included 55 subjects who were selected within the following parameters:

## Survey Demographics

All participants live and work in the **United States.**



All participants are between the ages of **25-38**



All participants engage in some form of independent work, including freelance, contract, or platform-based work.



**69%**  
were female



**27%**  
were male



**2%**  
were non-binary



**2%**  
preferred not to answer

- Participants who indicated that they engaged in platform work in their screener were given preference when making selections for the survey

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# What We Learned About Gig Economy Workers



# Key Findings

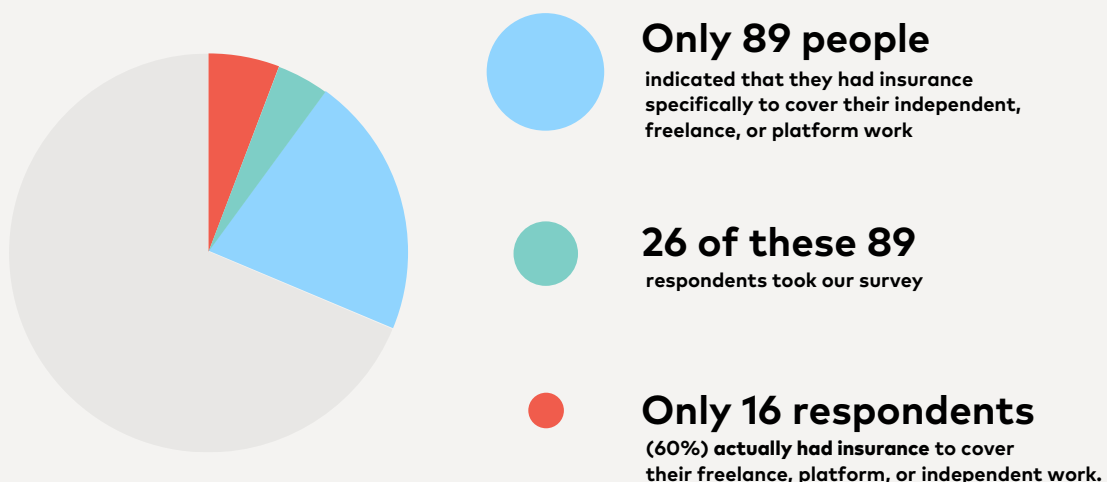
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## 01. Gig Economy workers tend to be un(der)insured

Considering that the current research base indicates that 40% of sole proprietorships do not have small commercial insurance, we assumed that Gig Economy workers would be similarly underinsured (McKinsey & Company, 2016). Nevertheless, when recruiting for this research, we intended to recruit 25 Gig Economy workers with insurance, and 25 without to provide an equal sample size of each for comparison. While the screener we used asked respondents to indicate whether or not they were insured for their independent work, when those we invited actually took the survey, we found that many of those who indicated they had insurance in fact did not.

Of the 292 people who responded to our screener, only 89, or about 30% indicated that they had insurance specifically to cover their independent, freelance, or platform work. 26 of these 89 respondents took our survey. Of this 26, it turns out that only 16 respondents actually had insurance to cover their freelance, platform, or independent work.

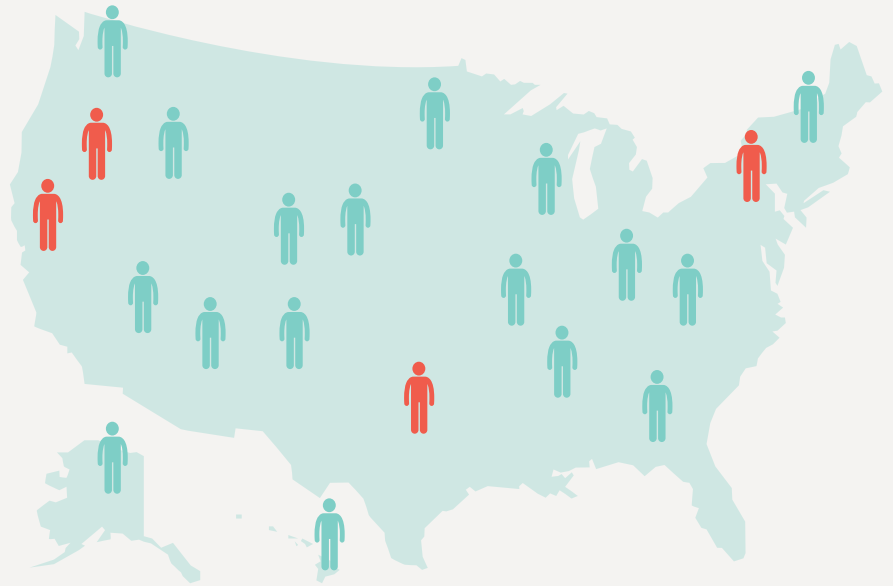
### Of the 292 people who responded to our screener



If we were to extrapolate this data to the entire population, it would indicate that

## Only about 18% of Gig Economy workers have insurance

to cover their independent, freelance, contract or platform work.



If we were to extrapolate this data to the entire population, it would indicate that only about 18% of Gig Economy workers have insurance to cover their independent, freelance, contract or platform work. For this data to be considered statistically significant, of course, we would need to survey far more respondents, 100 to be exact. But our research does point to some interesting trends worth exploring. For instance,

- *What percentage of Gig Economy workers actually do have insurance to cover their independent, freelance, or platform work?*
- *What percentage of Gig Economy workers know whether or not they have coverage, and what kinds of coverage they have?*
- *To what extent are Gig Economy workers confused about whether they are covered, and for those who are, what leads to this confusion?*

## **02. Gig Economy workers are confused about what kind of insurance they need and what is available to them**

After witnessing some general confusion amongst our respondents as to whether or not they even had insurance, we were unsurprised to learn that Gig Economy workers also experience confusion about the kinds of insurance they need as an independent worker and what insurance is actually available to them. Of the uninsured respondents, 89% reported being unaware of specific coverage that would cover the unique risks incurred through their independent, freelance, or independent work.

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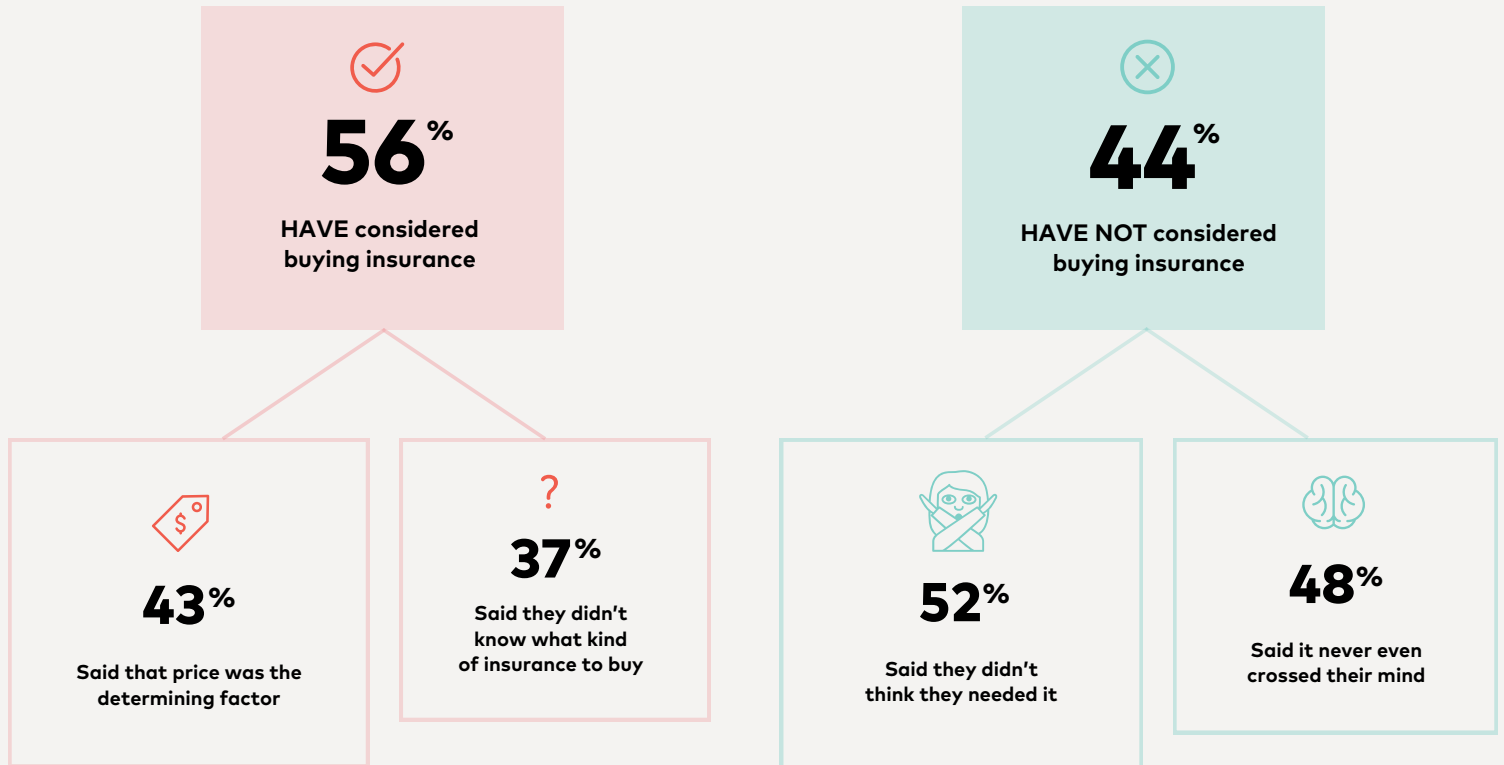
**89%**

of uninsured respondents reported  
being unaware of insurance  
policies that would cover the  
unique risks incurred through  
their independent work

Of this same group of uninsured workers, 56% considered buying insurance for their independent work, but decided not to for a variety of reasons. Of this 56% who considered buying insurance, 43% said that price was the determining factor, while 37% said they didn't know what kind of insurance to buy. Of the 44% who didn't even consider buying insurance, 52% said they didn't think they needed it, while 44% said it never even crossed their minds.



## Among the uninsured Gig Economy workers we surveyed



Gig Economy workers are right to be confused. The way that personal policies and business policies are packaged, designed, and marketed does not reflect the structure of today's labor force, whose personal and professional activities often bleed into one another and overlap. The overwhelming majority of those we surveyed have personal insurance policies, and 22% of those who never even considered shopping for insurance for their independent work told us that they assumed their personal policies would cover the risks of their independent work. Meanwhile, commercial policies are seldom marketed to these workers, and are often too comprehensive and for that reason, too expensive for Gig Economy workers to afford. For the 89% who told us they are unaware of specific insurance policies that would cover their unique risks, that may be because these policies do not actually exist—at least not in a form that is palatable, practical and affordable for this subset of workers.

### 03. Uninsured Gig Economy workers tend to underestimate their risk

The general confusion we observed amongst our survey participants regarding insurance—what insurance is available to them and what specific risks these policies cover—is likely related to how Gig Economy workers perceive their own risk.

We found that many Gig Economy workers, particularly the uninsured, tended to underestimate their risk. Of the uninsured workers we surveyed, when asked how risky they believed their work was, more than 55% reported that their work was “not risky,” while 53% reported that they are “not worried at all” about what would happen if themselves/their property or that of another person were injured on the job.

And while most of the uninsured workers we surveyed were not worried about personal injury or property damage, the majority of workers (67%) reported loss of income as their number one risk. Libel and other forms of litigation were also reported as concerns amongst this group.

#### We asked uninsured workers about the risk involved in their Gig Economy work. This is what we learned:



**55%**

Reported that their work was “not risky.”



**53%**

Reported they are “not too concerned at all” about what would happen if they or their property was injured or damaged on the job

**67%**

Reported “loss of income - mine or someone else’s” as a risk incurred by their Gig Economy work

#### 04. Gig Economy workers are ready and willing to buy direct

Considering that the majority of those we surveyed indicated that they use online platforms to engage in their independent work, we expected that this population may be more open to buying direct than traditional workers, given their level of comfort conducting other forms of business online. Our survey data found that among the insured, 56% purchased direct from their insurance carrier, while 80% of those who purchased direct in the past plan on doing so again in the future, suggesting high satisfaction rates with the experience.

Of the entire population surveyed, about 70% indicated that they are very likely or somewhat likely to buy insurance direct from the carrier in the future.

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**70%**

of respondents said they are very likely or somewhat likely to buy insurance direct from the carrier in the future

Aside from being perceived as easier and cheaper, respondents also indicated that their preference for buying direct had to do with personal autonomy—a quality they also value in their independent work. 58% considered the ability “to do it all on my time” as one of the the primary reasons they would consider buying direct from the carrier.

Purchasing direct from the carrier is the best way to make the best decision for myself.

- Survey Respondent

**05. Gig Economy workers report higher levels of satisfaction in their work, but lower levels of satisfaction when it comes to job and income security.**

The research base on the Gig Economy has indicated that Gig Economy workers report higher levels of overall work life satisfaction than traditional workers (McKinsey Global Group, 2016). Our research confirmed this finding, with about 73% reporting being very satisfied or somewhat satisfied with their overall work life, although we also found that those with insurance tended to report higher levels of overall worklife satisfaction than those without insurance.

**73%** of respondents reported being very satisfied or somewhat satisfied with their overall worklife

**Gig Economy Workers report high levels of worklife satisfaction**

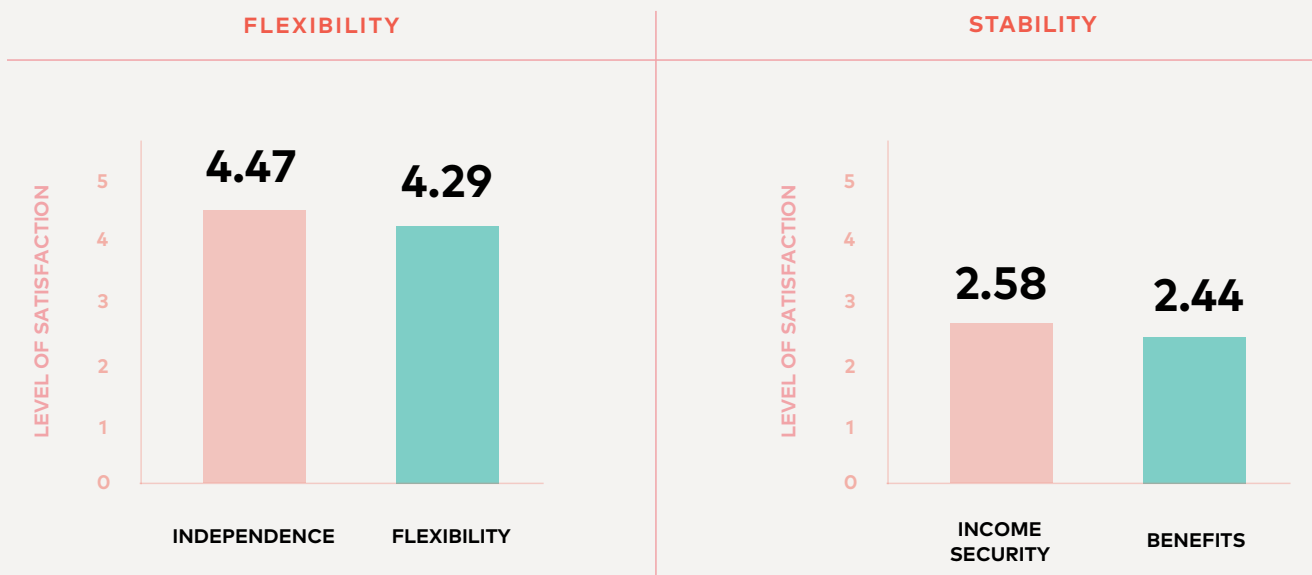


**Those with insurance seemed to be the happiest.**

And while Gig economy workers tend to report high levels of overall work life satisfaction, there are also high degrees of variance in satisfaction when it comes to particular aspects of their work:

On a scale of 1 to 5, 5 being the highest level of satisfaction and 1 the lowest, independence in work and flexibility with hours were rated the highest among the workers we surveyed with average scores of 4.47 and 4.29, respectively, while these same workers reported low levels of satisfaction when it came to income security and benefits, each category receiving average scores of 2.58 and 2.44 respectively.

## Flexibility Vs. Stability



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# What Does Insurance for Gig Economy Workers Actually Look Like?



# Responding to Our Findings

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Given what our survey results revealed about how the needs of Gig Economy workers are not being met, what would an insurance model that did meet these needs actually look like? Here's our best guess.

## INSURANCE IN THE GIG ECONOMY IS ...

### 01. Powered by APIs that connect to popular Gig Economy platforms

With the Gig Economy now comprising between 34% of the US Labor force and with 89% of our uninsured survey respondents claiming to be unaware of specific policies that cover the risks entailed in their Gig Economy work, it is clear that the insurance industry at large is failing to connect with a significant portion of American workers. While there are few existing insurance products tailored to this subset of workers, a simple lack of awareness, both around the risks that Gig Economy work entails and the types of insurance policies that can benefit these workers (and where to find them) is also to blame. The insurance company of the Gig Economy age isn't waiting for Gig workers to find them, rather, they are actively seeking these workers out and meeting them where they are at—which, in many cases is on a platform.

**89%** of uninsured survey respondents claim to be unaware of specific policies that cover the risks entailed in their Gig Economy work

Of those we surveyed in our research, 76% were using some kind of platform to engage in their independent work, suggesting that these platforms are fertile ground for insurance carriers to market and sell their products. Insurance carriers need to be able to connect with platforms—even if it is just a handshake that passes user data from one platform to the other—and should invest in cultivating strategic partnerships with Gig Economy platforms and developing publicly available APIs that enable platforms to easily offer their policies through their websites.

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**76%**

of respondents reported using some  
kind of platform to conduct their  
independent work

#### INSURTECH-PLATFORM PARTNERSHIPS



Insurtechs have already started doing this. Founded in 2013, Stride Health, a platform-based health insurance broker, made its name by promising to be the health insurance broker for the Gig Economy. Now with partnerships with platforms like Uber, Etsy, and TaskRabbit, the company uses these platforms to connect Gig Economy workers with the marketplace, recommending specific plans and coverage and providing concierge support to ensure applications are approved and workers receive their subsidies.



# Lemonade

In October of 2017, Lemonade, the renters and homeowners insurance company, announced the launch of their public API, which gives developers access to their renters and homeowners insurance, so that companies can easily offer their customers insurance on their websites or apps. Lemonade says they envision their insurance being sold by “commerce sites, real estate apps, financial advisors, bots IoT and smart phone products,” (Lemonade, 2017). It’s a move that larger legacy insurance carriers should certainly mimic as they craft and market new products to Gig Economy workers.

# Slice

Similarly, Slice Labs, a homeshare insurance startup backed by the reinsurer Munich Re, has partnerships with AirBnb and HomeAway, both of which allow hosts to add coverage every time they rent out their home automatically or by tapping on the Slice mobile application. By identifying a vulnerability created by the share economy—that a host’s home would not be covered by renters or homeowners insurance should it be damaged during a rental—Slice Labs was able to use the platforms that enabled this vulnerability to make consumers aware of it—and to sell a new insurance product in an easy and affordable way.

## **MOVING BEYOND ADVERTISING TO BECOME A PART OF THE WORKFLOW**

While insurance companies have long engaged in expensive digital marketing programs, using SEO and SEM strategies, and spending millions on advertising to connect with consumers, APIs provide an avenue for insurance carriers to move beyond advertising to cultivate more authentic engagements with consumers by becoming an actual part of a Gig Economy worker’s platform workflow. Rather than clicking on an ad which then takes them to a website where they can learn more about an insurance product and potentially make a purchase, with APIs like Slice Lab’s, an AirBnB host can now simply click a button to add more coverage to a rental. In the same way, you can imagine an

insurance API that gives the user the ability to add on-demand professional liability coverage to a job they are booking with a client. These types of experiences allow users and carriers to bypass the sales process entirely, providing workers with instant access to the kind of protections to their property or their business that previously took days or even weeks to obtain.

I would like a flexible policy that allows me to change based on market and risk involved in work.

- Survey Respondent

By investing in APIs and forming strategic partnerships with platforms, insurtechs are already situated to become not only the insurers of the Gig Economy, but of the future. To be relevant and competitive in the future economy, legacy carriers will need to do the same.

## 02. Personalized for Gig Economy workers who perform different types of work

Just like different types of small businesses, Gig Economy workers assume varied risks depending on the type of work they perform. While the flexibility and autonomy they enjoy in their work lives might be shared, the day-in and day-out risks surrounding their work can vary significantly, from person to person, from platform to platform, from paycheck to paycheck. There is no one-size-fits-all solution for these workers when it comes to insurance. An Uber driver, for example, may be worried about a drunk passenger vomiting in the backseat of their vehicle while a child caregiver is concerned whether they will be personally liable should (godforbid) an accident or injury occur on the playground. Meanwhile, a freelance writer may lay awake at night wondering if all the facts were double checked and the sources quoted accurately while a graphic designer bites their nails hoping that a paycheck for a months-long project finds its way safely into their bank account. Each type of work assumes real risks that vary widely by both kind and degree, and few insurance products are personalized and flexible enough to account for these differences, much less marketed toward the individuals who might need them.

So when trying to define, create, and sell personalized policies for Gig Economy workers, where should carriers begin? The answer is simple: with the customer.

Our survey data indicated that Gig Economy workers tend to fall into one of two categories—**physical and virtual laborers**—and that much can be understood about their risks, the platforms they are using, and even how much money they are making based upon this categorization. As such, insurance companies can use these categories to better understand the unique risks and needs of Gig Economy workers and to design and market customer-centric insurance products that address them.

**Physical Laborers** are defined as individuals who derive income using their bodies or their physical property. Consider an Uber driver who taxis people around in their car, an AirBnB host who rents out their apartment to guests, or a PostMate who ferries packages and letters from place to place on their bicycle. All involve some risk of injury to body or to property.

The other type of Gig Economy worker is a Virtual Laborer. **Virtual Laborers** typically derive their incomes from internet-based work such as programming, design, writing, or marketing. While their work requires the use of their minds and their hands as well as access to a computer and the internet, their risks tend to be less concerned with physical and property damage and more abstract in nature. These workers worry about things like whether or not they will get paid for work they completed, the possibility of being sued for libel or not fulfilling a contract, or the quality of their reputation or good name. They tend to earn higher incomes than physical laborers and often rely on platforms like UpWork, Freelancer, and Fiverr to engage in their independent work.

## The platform-based workers we surveyed fell into two categories:

### PHYSICAL LABORERS



Platform-based workers who derive their income using their bodies or physical property.

- tend to make less money
- tend to buy commercial auto, property insurance, and/or general liability



### VIRTUAL LABORERS



Platform-based workers who derive their income from internet work, such as programming, design, writing, or marketing.

- tend to have higher incomes
- tend to buy business owner's policies, general liability, professional liability



## USING PLATFORM PARTNERSHIPS TO GAIN INSIGHT INTO GIG ECONOMY WORKERS

Using knowledge about the behaviors and mindsets of physical vs. virtual laborers, insurance carriers are better equipped to design the right kinds of insurance products for the right type of Gig worker, and can pursue strategic partnerships with various platforms to sell specific insurance products and packages to the right people.

Platform partnerships can also be advantageous in helping insurance carriers gain insight into mindsets and behaviors of Gig Economy workers. Gig platforms are treasure troves of customer data. By forming platform partnerships, carriers can gain access to these data sets and obtain deep insights into users, enabling the design of more relevant, personalized insurance products and the development of more accurate risk profiles. Everything from earned income and work experience to star ratings and user skillsets can be gleaned from gig platforms. Using information from, say, an Upwork profile, insurers can begin to better understand how Gig workers describe themselves and draw connections between things like the language used in profiles, the skillsets they have listed, their going rate, and their online behaviors. Likewise, knowing the income levels and star ratings of specific workers can help insurers build more accurate risk profiles and market policies at the right price points.

In the same way that a platform like Facebook uses a user's browsing history to place relevant ads on news feeds, customer data gleaned from platforms can also be incorporated into a carrier's content strategy so that insurance products are personalized and sold using consumer's own language, ensuring that products are relevant to and appropriate for a consumer.

### **03. Productized like Gig Economy platforms, with technology as the product, not underwriting**

The insurance industry is notorious for poor customer experiences. Legacy IT systems, dated technology, and a lack of customer-centricity have made it difficult for insurance to stay up to speed with other industries. Gig Economy platforms, on the other hand, are often known for having best-in-class user experiences. Platforms like AirBnB, Uber, and TaskRabbit are regarded for their simplicity, ease of use and relevance to consumers, making otherwise tedious processes seamless and rewarding.

For legacy insurance companies to succeed in the Gig Economy, their own experiences will need to match or be superior to those of the Gig Economy. While forming strategic partnerships with Gig Economy platforms and developing APIs is an important step, insurance carriers also need to ensure that the experience on the carrier side is as simple, easy, and seamless as the experience that brought them there. On the other hand, insurance carriers need to choose their partners wisely, partnering only with platforms who deliver superior experiences to their customers.

Following in the footsteps of the Gig Economy platforms that already exist, insurance carriers must start thinking about their technology as the product they are selling, not the underwriting— they need to productize their products, so to speak. To do so will require that carriers invest heavily in technology, moving away from their legacy IT systems and replatforming on out-of-the-box software like Guidewire so that all of their front-end experiences are flexible and disposable. It also requires that they prioritize understanding the unique behaviors and mindsets of Gig Economy workers, using data and research to design relevant customer experiences that rival the platforms they are seeking to partner with. According to the qualitative data we gathered in our survey, users equate good design with trustworthiness.

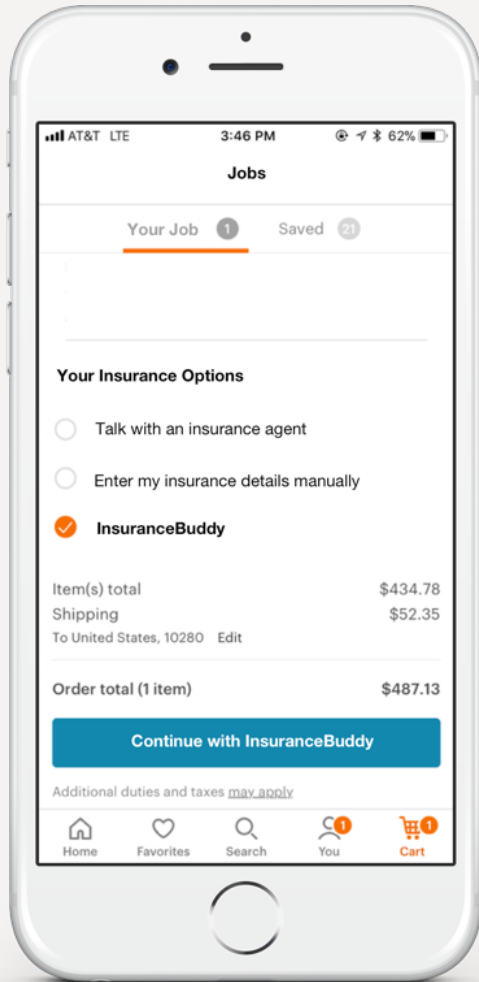
## I would trust a local insurance company that had a website with a clear UX design

- Survey Respondent

To help insurance carriers gain even deeper insight into what customers are looking for in an insurance experience, we asked participants what products or platforms the insurance industry could try to imitate to better serve their needs. These are some of the things we heard from the workers we surveyed:

- *Be where your customers are.*
- *Enable autonomy and independence but be there when it matters.*
- *Be transparent and allow users to customize products and have control.*
- *Be a friend.*

Be where your customers are.



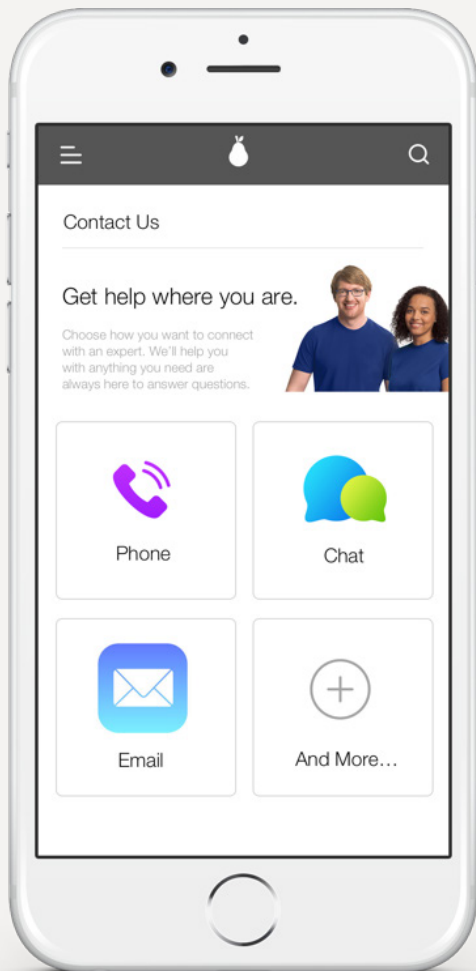
**"I would say the 'online/  
app-based' financial  
industry like PayPal,  
Venmo, Squared, etc.  
they are reputable,  
built for the way people  
actually use technology."**

Financial apps like PayPal and Venmo have completely transformed how we conduct transactions, both interpersonal and commercial. PayPal started as the digital alternative to checks and money orders, but has since come to operate as a payment processor for online stores and other websites. By forming strategic partnerships with online stores and marketplaces early on—Etsy, Amazon, Ebay, etc.—PayPal has been able to embed their product into an existing process, becoming a seamless component of the purchasing flow. Taking a page from PayPal, insurance companies should actively seek out ways to incorporate their products into the relevant and existing workflows of Gig Economy workers, making buying an insurance product as easy as clicking a button.





Enable autonomy and independence, but be there when it matters.

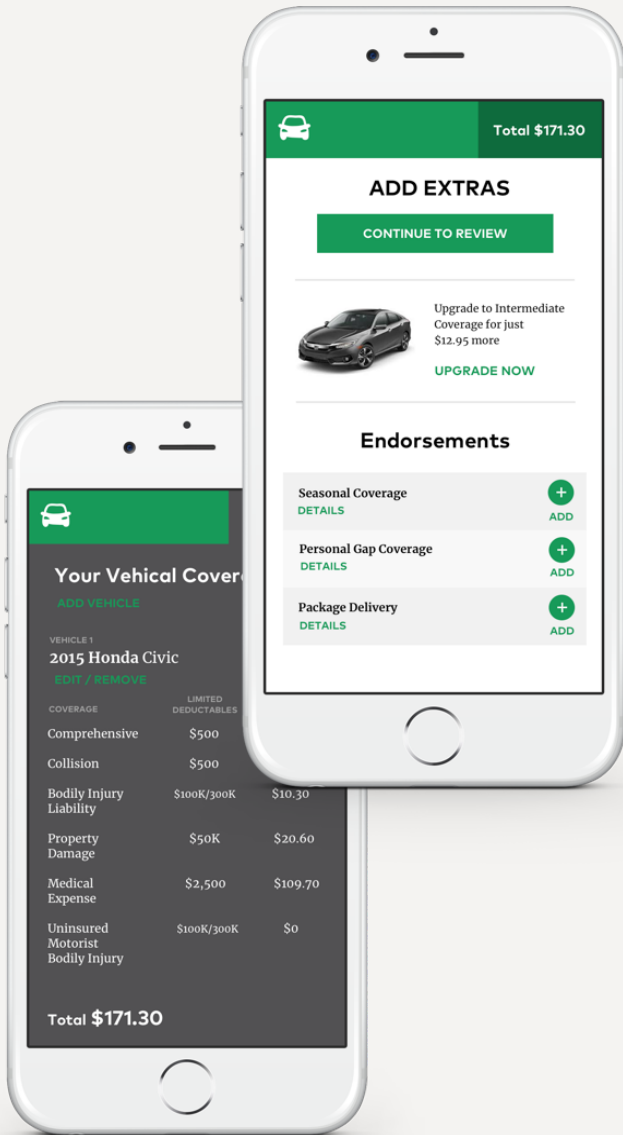


**"Apple Care. They really have your back and are easy to connect with. Their policy comes through."**

In the anecdotal feedback we gathered in our survey about the kind of relationship Gig Economy workers expect to have with carriers, three key ideas emerged. They told us that they want to be able purchase online completely independently, they want to be able to talk to someone they trust if they need to, and they want to feel like their insurance company has their back, and will follow through should the need arise. Apple Care is a product that meets all three of these criteria. They enable self-service, but allow customers to choose how they want to access support - phone, email, chat, or even in person with a Genius. Most importantly perhaps, and what is often missing from the insurance customer experience, is that Apple Care is known for providing support, fixing products, and even replacing them - for free, and with no questions asked, so long as the customer has an Apple Care policy. Insurance carriers should seek to create similar levels of trust in their products and accessibility in how they support their customers.



Be transparent and allow users to customize products and have control.

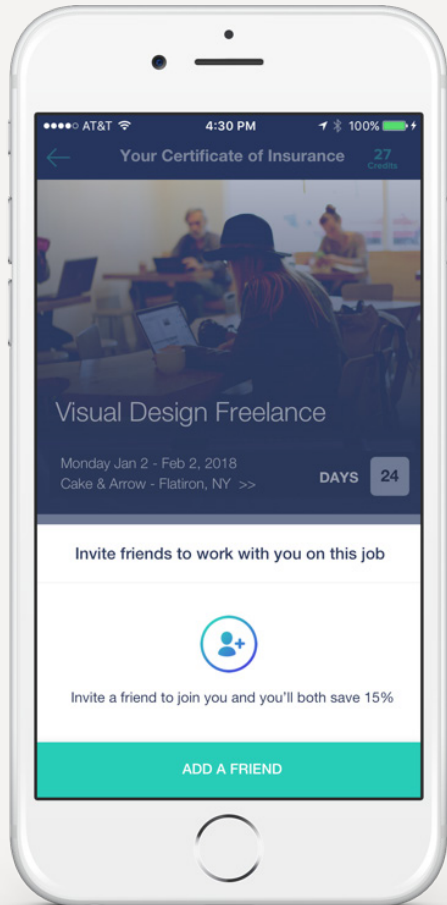


**“Make it like renting a car. Give an explanation and an example to better assist me. Insurance companies tend to seem secretive”**

Over the last several years, the car rental industry has emerged as a leader in customer experience. Technology has enabled rental companies to maintain real-time inventories of cars, providing renters with complete transparency into the vehicles available to them, and often even allowing renters to select or add on specific features like GPS or a carseat. Insurance companies should aspire to similar levels of transparency, showing users exactly what they are paying for, and allowing customers to pick and choose precisely the kinds of additional coverage they want, in the same way a car renter might an additional feature.



Be a friend.



**"Smaller companies like Classpass, who has always been easy to reach and tries their best to make me a happy customer."**

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Be a company someone wants to recommend to a friend—and give your users an easy way to do it. Many platforms, including ClassPass provide their users with discounts and promotions for recommendations to friends. This kind of marketing is easy and effective, not only in helping companies gain new customers, but also in building loyalty with existing customers who feel appreciated and rewarded. But remember, it doesn't work if you aren't a company that is worth recommending to a friend. Be accessible, be affordable, be relevant and, with a tangible benefit for doing so, however small, your customers will become your most important marketers.

CLASSPASS

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# Looking to the Future: Policy, Platforms, and Portable Benefits



# Conclusion

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## **To be relevant in the age of the Gig Economy, insurance carriers must be prepared for changes in people and technology, but also in public policy.**

How can an insurance carrier win in the Gig Economy? To do so will require a shift toward more customer-centric (and less product-centric) thinking and design, in which insurance carriers put their customers first, utilizing the principles of user research and data analysis to build empathy and better understand customer's needs, desires, mindsets and behaviors. From a technology perspective, it will also require that the carrier do everything they can to enable agility, investing in technology that will allow them to adapt immediately to changes in the market and offer consumers more relevant products when and where they want them.

You should not assume that the world of the future will be anything like the world we live in today.

- James Crawford, CEO, Orbital Insights

Insurance carriers also need to be prepared for a future that looks nothing like the one we live in today. Beyond people and technology, insurance companies should also keep an eye on how national policy is shifting around insurance. The Affordable Care Act created a marketplace where a company like Stride could emerge as the health insurance broker for the Gig Economy. Anticipating changes in policy like this can help insurance carriers stay ahead of the competition, and with the technological capabilities and the customer-centricity already in place, be prepared to deliver incredible, just-in-time experiences to consumers. One such policy initiative that many carriers and insurtechs are paying attention to is the growing movement around portable benefits (Noguchi, Y., 2017). Portable benefits, simply put, are

benefits that would follow workers, not companies. These benefits might include things like workers compensation, unemployment, and paid time off, and could be expanded to include supplementary insurance products like the kind companies currently offer as group benefits, giving workers a deeper sense of security and stability.

And it is not just workers who are calling for such protections. In the fall of 2015, a coalition of Gig Economy executives, labor and business leaders, policy makers and academics announced in a joint letter their support of a social safety net for Gig Economy workers (Portable Benefits, 2015). Executives from companies such as Lyft, Handy, and Etsy all signed the letter, which stated that “providing both stability and flexibility is good for workers, business, and society” to be among its key principles.

The conviction that workers need and deserve both stability and flexibility echoes our finding that while Gig Economy workers currently demonstrate high levels of satisfaction pertaining to the flexibility and autonomy provided by their work, they report low levels of satisfaction when it comes to income security and benefits.

Meanwhile, lawmakers in Congress and several states have proposed legislation that would entitle workers to these kinds of benefits. Such benefits would enable a driver for Uber and Lyft who also does freelance photography on the side to have access to things like paid time off, unemployment, and other benefits, regardless of what employer they are working for.

Who would pay for and administer these benefits? That is very much up for debate. Some suggest that platform employers like Uber would pay into the benefits program pro-rate, contributing funds based upon number of hours worked or, money made, or jobs completed. Other models imagine the worker to paying into these benefits, which they could then purchase like an employee might group benefits, but with costs defrayed by government subsidies.

Whatever model ends up gaining steam, insurers should be prepared for public policy shifts, and ready to partner with government agencies and platforms to make more insurance products available to Gig Economy workers as demand for such products grow.

# About Cake & Arrow

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Cake & Arrow is a customer experience agency who partners with insurance and financial services organizations. We're leading global digital initiatives with MetLife, ProSight, among others, for launches that span life, group benefits, P&C, and specialty. We use customer data to achieve results, focusing on increasing policy renewals, driving profitable growth, and creating digital experiences to get you closer to customers and allow for more self-service.

To learn more about how Cake & Arrow can support your business, including how we can train your organization to become more innovative and customer focused, visit our website at [cakeandarrow.com](https://cakeandarrow.com) or email us at [biz@cakeandarrow.com](mailto:biz@cakeandarrow.com).

# About The Authors

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**VP OF CUSTOMER EXPERIENCE & DESIGN**

## **Christina Goldschmidt**

Christina leads our team responsible for conducting research to generate user insights, develops the strategy for the experience and content on the products we make for clients, and designs the information hierarchy of those products and all interactions. She and her team test and validate everything we make to keep everyone focused on the end goal.

Christina's unconventional career path began in archeology and anthropology, where she first embarked upon her quest to understand what makes people tick. Finding the web changed her life. She's been obsessed with HCI and usability ever since and has experience in a range of industries and Fortune 500 companies including American Express, The Discovery Channel, Omnicom Media Group, and Morgan Stanley. Varied roles in digital—from developer to visual design, digital marketing to UX—have not only made her an excellent mentor at Cake & Arrow, but a UX instructor at NYC-based General Assembly and a member of the Design Thinking Advisory Board at Rutgers University. She has a BS from Rensselaer Polytechnic Institute and an MBA from the NYU Stern School of Business, where she currently conducts Design Thinking workshops. She is also a 2017 recipient of a Gold Stevie Award for Women in Business.



**SENIOR MANAGER, MARKETING & COMMUNICATION**

## **Emily Smith**

Emily oversees all aspects of our brand identity and external communications. She runs a rigorous content strategy reflecting our human-centered values, research-oriented work, and deep expertise within the verticals of financial services, ecommerce and insurance. She is a thoughtful writer, editor and curator of content who enjoys rallying people around ideas, strategizing, and facilitating discussion.

Emily began her career in journalism, where she developed a keen interest in storytelling, and in gaining a better understanding of the human perspective. Before transitioning into marketing, Emily spent several years as a high school English teacher in Brooklyn, sharing her love of language, ideas, and storytelling with her students. She soon found a way to funnel her passion for education and writing into a successful career as a marketer, working for several years in the EdTech industry before finding her way to Cake & Arrow. Emily holds a BA in Journalism and an MA in English Literature & Digital Humanities from the University of Victoria in British Columbia.



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CAKE & ARROW

**Insurance in the Age of  
the Gig Economy**



**By Christina Goldschmidt & Emily Smith**

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