



# Navigating the Digital Gig Economy Landscape

In recent years, the gig economy has emerged as a new and exciting frontier in the world of work.

Enabled by digital platforms and improved digital access, individuals around the world have been able to supplement their incomes and pursue flexible work arrangements through a variety of gig economy services. However, while digital access has created new opportunities for gig economy workers, it has also raised a host of new challenges. In this article, we will explore the impact of digital access on the gig economy and examine how it has affected the benefits (critically insurance benefits) available and used by gig economy workers.

The gig economy is a term used to describe a type of work arrangement where individuals work on a project or task basis, rather than on a full-time or long-term basis. Gig economy workers often work for multiple clients or companies simultaneously, and they typically use digital platforms to find and manage their work. Examples of gig economy services include ridesharing (Uber), food delivery (Thuisbezorgd), online marketplaces (Amazon), and freelance work (YoungOnes). This market is increasing with now between 20–30% of the workforce in the USA and the EU-15 being part of the gig economy: that's up to 162 million working-age people (McKinsey).

One of the key benefits of the gig economy to workers is its flexibility. Gig economy workers are able to set their own schedules and work on their own terms, allowing them to balance work with other responsibilities like childcare, education, or personal pursuits. Additionally, gig economy work can provide a valuable source of supplemental income for individuals who may be struggling to make ends meet. In a survey completed by Collective with over 1,000 people who work through platforms in the UK, over 10% of workers said they have fewer than £1,000 in savings.

The gig economy also comes with its own set of challenges to workers.

One of these challenges is the lack of the same benefits and protections that traditional employees may be used to, due to gig economy workers typically being classified as independent contractors. For example, they are not eligible for benefits like health insurance, retirement plans, or paid time off. This lack of benefits can make gig economy work a risky proposition for individuals who may be relying on it as their primary source of income. Since gig economy workers are less likely to be highly educated or speak the local language fluently, even having access to such benefits might not lead to actual value to workers, as they are not able to optimally utilize it.

This gap provides a clear opportunity where insurers and digital platforms have begun to offer benefits (insurance, rewards, etc.) which specifically tailor to the needs of gig economy workers. For example, food delivery platforms like Deliveroo and UberEATS offer insurance coverage that is designed to protect their couriers while they are on the job. This coverage typically includes liability insurance, as well as coverage for medical expenses and lost income if the driver is injured on the job.

While offering benefits to couriers could be seen as a positive step, there are several potential risks and challenges associated with doing so to the platforms. One of the main risks is cost. Offering insurance benefits to couriers could be expensive for gig-platforms, potentially affecting their profitability and leading to higher prices for consumers. In addition, the legal status of gig-platform workers is currently under debate, with many arguing that they should be

classified as employees rather than independent contractors. If couriers are classified as employees (which was the outcome of the recent Deliveroo/FNV court case in the Netherlands), gig-platforms would be required by law to provide benefits such as insurance.

Even with these risks, the expected large-term growth in the global gig-economy insurance will ensure that companies will have to continuously innovate to be able to provide benefits and to risk rate this new way of working.

Fortunately, there are some key benefits that come with the gig-economy and our new digital age. Digital access has played a significant role in the rise of the gig economy. The proliferation of smartphones and mobile devices, combined with ubiquitous internet connectivity, has made it easier than ever before to find and accept gig work. This digital revolution also leads to two key benefits when insurance companies work with gig-platforms: access to data, and digital accessibility.

## 1. Access to data

Companies have access to an abundance of valuable data on workers in the gig-economy, including information on things like behavior, utilization, and performance. By leveraging this data, insurance companies can provide usage-based insurance models that more accurately reflect the risk profile of individual gig workers, making insurance benefits more affordable and accessible. The digital world has fundamentally transformed the way insurance companies approach risk rating and pricing of insurance benefits for workers in the gig economy.

## 2. Digital accessibility

The digital world has not only provided insurance companies with valuable data on workers in the gig-economy but has also made it easier for gig workers to use and access the benefits provided by insurance companies through their platforms. Digital platforms allow workers to access benefits on-demand, without the need for lengthy paperwork or cumbersome administrative processes. This enables gig workers to receive the coverage they need quickly and easily, enhancing their financial security and overall well-being. Additionally, digital access to benefits information and claims management tools helps gig workers to better understand and utilize their coverage, which can result in more efficient and effective use of benefits. Other benefits such as easy translation capabilities and chat-bots, make benefits even more accessible. As such, digital access has played a crucial role in improving the accessibility and usability of insurance benefits for workers in the gig economy.

The question might arise, given the potential risks, why would companies want to provide any sort of benefits to their workers. The hope is that companies have the internal social drive to do right by their workers, to ensure they are well protected and provided for. However, this will not convince all platforms in the market. Fortunately, it has been observed over time that providing workers

with benefits that really suit their needs and are easy to access and use, will drive significant benefits to the platform too. These benefits are in various forms, with the critical two being increased retention and productivity of workers.



Figure (Internal Collective studies)

In conclusion, the rise of the gig economy presents a unique opportunity for insurance companies to expand their customer base and differentiate themselves from competitors. By providing benefits, including insurance benefits, to workers of gig-platforms, insurance companies can tap into a rapidly growing market, gain access to valuable data, mitigate risk, and fulfill their social responsibility goals. As the economy continues to grow and more workers enter the gig economy, it will become increasingly important for insurance companies to think strategically about how they can best meet the needs of this market segment. By doing so, insurance companies can not only establish themselves as leaders in the gig economy space, but also help to improve the health and financial security of workers who often lack access to traditional employee benefits. ■

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