

Focus on Alternative Workers in the Gig Economy

- Size** Broadly defined, the Alternative Workforce is outsourced teams, independent workers, freelance and gig workers (workers who are paid for a specific task). Though hard to measure, it appears that approximately 20 to 30% of the European and U.S. workforce (or 162 million people) is engaged in independent work (*Independent Work: Choice Necessity and the Gig Economy*. McKinsey & Company, October 2016).
- Outlook** Forbes predicts that by 2020, half of the total U.S. workforce will be freelancers.
- Concentration** Most alternative workers work in IT, operations or marketing (*The Alternative Workforce: It's Now Mainstream*. Deloitte Insights. April, 2019)

Risk Profile – Five Insurance Dilemmas

1. Workers Compensation / Disability / Statutory Coverages

As non-employees, workers in this sector will not get these benefits.

2. Liability Coverage

Most general and errors and omissions liability policies do not provide coverage to nonemployees.

3. Personal Insurance

Standard homeowner, tenant and condo-owner policies provide limited coverage for work-related exposures.

4. Different Consumer Demands

Expectations include; app-based insurance transactions, pay-as-you-go terms, project-based customized coverage and the capability to turn the insurance on and off.

5. Regulatory Changes

California Bill AB5 makes it harder for employers to classify workers as independent contractors. Other states will probably follow.

The Alternative Workforce will continue to expand. Gramercy Risk Management can help find insurance solutions for your independent workers. To see how we can help, contact David Mocklow at 516 962 4618 or dmocklow@gramercyrisk.com.