



Coverhero welcomes the opportunity to make a submission to the State Insurance Regulatory Agency (SIRA) consultative process on injury insurance arrangements.

About Coverhero

Coverhero, which was established in 2017, is Sydney based insurtech business which is recognised as a global leader in the provision of personal income insurance for gig workers.

Coverhero's recognition as a global leader in this field arises because it has led the world in understanding how the gig economy and gig work have developed, while also understanding how the insurance industry needs to position itself as a provider of services which assist gig workers and other micro business owners in minimising commercial risks through personalised insurance and mental health support.

Coverhero's philosophy is to create holistic wellbeing for the younger generation of workers.

In addition to financial services, Coverhero is building a platform that can understand an individual's lifestyle choices and support in a holistic way to give balance across mental, physical and financial well-being.

Coverhero's top three priorities are:

1. Build and design new and innovative insurance services and products that are relevant to the lifestyle needs of gig workers
2. Build cloud technologies which use smart algorithms and ensure great user experience, and that are fully mobile technology
3. Create financial literacy programs to empower young people to make better financial decisions

Further information about Coverhero is available from: <https://hustlecover.com>.

The Gig Economy

The gig economy has grown quickly in recent years throughout the world.

New York based Business Insider Intelligence has cited Mastercard to state that it estimated gig work generated \$204 billion in customer worldwide volume in 2018 and that it expects this to grow to \$445 billion by 2023.¹ Mastercard also states that 40 percent of US workers participate in the gig economy, 12 percent of whom do so full time.² Business Insider Intelligence has also cited Kialdo to say that 50 percent of workers in the UK were expected to do gig work by 2020.³

¹ Business Insider Intelligence, The gig economy financial services ecosystem, 2020, p. 3

² Business Insider Intelligence, op. cit., p. 15

³ ibid., p. 15

Business Insider Intelligence cites payoneer, which is also based in New York, to state that similar trends are evident in other developed and developing countries.⁴

At least 30 percent of workers in Australia are self-employed and work in the platform and passion economies.

This growth in gig work as a proportion of total employment is highly likely, driven by a broad range of social and economic trends, including lifestyle choices and the more widespread use of contractual relationships governing work as opposed to the established employer-employee relationship.

The challenge for the financial services sector, and for governments and regulatory bodies, including those responsible for the development of policy settings related to workers compensation insurance and motor accident insurance, as well as the management and operation of insurance schemes associated therewith, is to adapt to this fast-changing environment through the provision of tailored products and services.

The essential requirement of any tailored product and service in the gig economy is digitisation. This is because the gig economy, and by definition, gig workers, operate in a digitised, technologically enabled world. Therefore, financial products and services, including insurance, which target gig economy participants; must be fully integrated into this digitised, technologically enabled world because that is the management and operational universe in which they live and work.

How the Financial Services Sector is Responding to the Emergence of the Gig Economy

Business Insider Intelligence says that mainstream financial services companies, including banks and insurance companies, have underserved the gig economy, principally because gig workers have unpredictable incomes and unstable cash flow. It says this leads to obstacles in obtaining financial services which have been traditionally issued by these companies.

One obstacle is creditworthiness. Traditional financial institutions use traditional approaches to assess creditworthiness, however, gig workers commonly lack credit history. As a result, many financial institutions deem gig businesses ineligible for financial products such as bank accounts, overdrafts and insurance.

Another obstacle is high fees. Even when a gig worker passes a creditworthiness check, it can run up against higher fees for products such as loans and insurance when compared to customers with more stable incomes. This is because the financial institution deems gig workers as being more likely to default on loans and more greatly burdened by the fixed costs associated with the financial service provided.⁵

Business Insider Intelligence has also cited data from US based firm MBO Partners which highlighted the lack of protections available to gig workers when compared to employees which, Business Insider Intelligence says, could be addressed by financial institutions. These include variable cash flow, low wages, lack of workplace benefits such as medical insurance, sick leave and superannuation, how inconsistent working hours can lead to overpaying for insurance, late payment of invoices, tax and accounting advice and support, and access to rewards programs.⁶

⁴ *ibid.*, p. 7

⁵ *ibid.*, p. 22

⁶ *ibid.* pp. 25-28

Business Insider Intelligence says in its report that some companies in the financial services sector have both understood the concerns of gig workers with respect to service offerings and have also responded by developing tailored products which are commercially attractive to the service provider while at the same time addressing the needs of the gig economy. Companies which have responded to this need include fintechs, neobanks, traditional banks, gig economy companies, payroll companies, insurtechs and traditional insurance companies.⁷

In relation to insurance, Business Insider Intelligence says the insurtechs have designed policies that can be switched on or off over very short time periods to make insurance more affordable to gig workers. Four companies are cited in its report as innovators, including UK based Dinghy which offers professional indemnity, public liability and business equipment insurance as well as providing advice and support related to unpaid invoices and tax, Qover, a Belgian insurtech, which offers an on-demand pricing model in areas such as personal injury and medical expenses, and Coverhero.⁸

The Need to Provide Insurance Cover for Gig Workers

As a participant in the financial services sector, Coverhero understands:

- The social and market drivers behind the rapid emergence of the gig economy
- How traditional insurance offerings in areas related to workers compensation, sickness and accident insurance and in other similar areas, do not necessarily align with the gig work business model
- How gig worker relationships can be structured so that risks are borne essentially by the workers as opposed to platform providers, this is particularly evident in areas where the risk of serious injury and death is high, for example in food delivery
- The importance of developing insurance products and services which are commercially attractive to gig workers and micro business owners, provide them with a level of assurance and a reduction in their risk exposure
- Why governments are recognising they have a role to play in ensuring insurance arrangements are in place to offer a level of protection to gig workers

How Coverhero Has Responded to this Need

Coverhero has developed tailored insurance policies for gig workers and micro businesses which reflect its philosophy and priorities. Current policy offerings include personal accident cover, sickness cover and weekly income cover.

To support these insurance offerings, Coverhero has developed platform infrastructure to enable a gig worker to go online and calculate the level of insurance cover and the cost therefore for their needs. This infrastructure allows the gig worker to strike a balance between premium cost and accident/income support tailored to the needs of their business.

Hustlecover

Hustlecover, which was launched in 2019, is Coverhero's first machine learning-powered insurance product. Hustlecover provides automatic, real time coverage against loss of income due to a personal accident or health related event that prevents a worker from performing their usual duties, resulting in a loss of income.

⁷ Ibid. pp. 31-48

⁸ Ibid. pp. 43-44

The product is uniquely designed to protect the income of a gig worker in case they have an accident and are unable to work. It also has a number of additional benefits such as Total Permanent Disablement and Death payments.

Hustlecover allows its customers to choose an appropriate level of cover:

- **Gigster** which caters for gig workers earning up to \$500 per week
- **Hustle Pro** which caters for gig workers earning between \$500 and \$5,000 per week

Examples of gig economy workers who could be covered under either Gigster or Hustle Pro include:

- AirBnB host
- Artist
- Consultant
- E-Commerce store owner
- Entertainer
- Fashion designer
- Food deliverer
- Home business owner
- Home care hero
- IT support worker
- Life coach
- Online business owner
- Personal trainer
- Pet walker
- Photographer
- Proofreader
- Rideshare/Taxi driver
- Social media influencer
- Trainer

Insurance Partners

Coverhero has arranged for Agile Underwriting Services Pty Ltd⁹ to provide Hustle by Coverhero, underwritten by certain Underwriters at Lloyd's.¹⁰

Coverhero operates as an authorised representative of Enva Australia Pty Ltd.¹¹

Other Opportunities

Coverhero has been asked by a platform provider to develop insurance cover for 9,000 gig workers in the delivery industry who contract their services to their business. This is a vote of confidence in Coverhero's ability to provide insurance arrangements to platform operators as well as individual gig workers.

⁹ See <https://www.agileunderwriting.com/about>

¹⁰ See <https://www.lloyds.com/en-au/lloyds-around-the-world/home>

¹¹ See <https://www.enva-australia.com.au>

How Coverhero Can Assist SIRA and Stakeholders with an Interest in the Development of Insurance Arrangements for Food Delivery Workers

In terms of the advantages and disadvantages of the six options outlined in the discussion paper, Coverhero does not have a position beyond stating that:

- An entitlement to insurance protection should be available to all workers
- The views of gig workers, their representatives and other stakeholders are important in scheme design and construction.

Where Coverhero can assist SIRA is in the development of suitable arrangements for food delivery riders which reflect the wishes of the NSW Government and SIRA as a NSW government agency.

As stated earlier, traditional insurance offerings in areas related to workers compensation, sickness and accident insurance and in other areas do not necessarily align with the gig work business model. This issues paper opens up the need to look at whether this historical misalignment and the consequences thereof require resolution so reform is possible.

The type of assistance Coverhero can provide includes:

- Development of tailored platform infrastructure which can be provided either under licence or through outright purchase
- Development and provision of insurance policies under any of the options outlined in the discussion paper, namely:
 - Schemes developed through gig platforms; or
 - Through establishment of a scheme which:
 - Provides a safety net; or
 - Is modelled on the existing compulsory third party motor accidents scheme; or
 - Is modelled on the existing workers compensation scheme; or
 - Involves extension of the existing workers compensation scheme to cover food delivery riders.

This means Coverhero can assist in designing and constructing a scheme which ensures the traditional model of workers compensation and/or motor accidents insurance can be retained, at least in terms of its underlying purpose and principles, yet be adaptable to employment relationships which are acceptable to platform providers and gig workers.

The key to adaptability will be ensuring that whatever insurance scheme is agreed to is digitised and technologically enabled because, as previously stated, that is the management and operating environment in which gig economy participants conduct business.

Coverhero can also manage and operate an insurance scheme for gig workers if given the opportunity to do so.

Further Information or Advice

Coverhero recognises that public policy issues related to the design, implementation and operation of insurance arrangements for food delivery workers in the gig economy should be driven by organisations with a direct stake in policy development.

We believe Coverhero is well placed to provide assistance and advice in these areas and would welcome the opportunity to participate in consultations to facilitate implementation of agreed policy objectives.

Please contact Coverhero CEO, Naby Mariyam

Achievements and Acknowledgements

2017: Coverhero is accepted as one of six startup firms and six scaleup firms from over 500 applications accepted into the inaugural Qantas AVROaccelerator program.¹²

2019: Coverhero accepted into the Plug and Play Insurtech program in Silicon Valley.^{13 14 15}

2019: Coverhero CEO, Naby Mariyam, invited as a speaker at the Insuretech Insights Conference, Hong Kong, Asia's largest insurtech conference.^{16 17}

2020: Coverhero accepted into the Plug and Play Insurtech program in Singapore.¹⁸

2020: listed amongst the top 100 insurtech businesses globally by Sonr (the world's leading insurance platform)¹⁹ and in the top 50 by International Data Corporation Asia/Pacific (IDC APAC).^{20 21}

2020: Coverhero CEO, Naby Mariyam, delivered Keynote Speech at Insurtech Asia Pacific Conference, 2020.²²

2020: Coverhero featured in David Koch's Kochie's Business Builder, which lauded the company for being the "first product that truly caters to the vulnerabilities of being a gig worker or self-employed".²³

Early member of Insurtech Australia²⁴, the leading industry body advocating for innovation in the insurance sector.

¹² See <https://www.qantasnewsroom.com.au/media-releases/qantas-accelerator-participants-announced>

¹³ See <https://www.plugandplaytechcenter.com>

¹⁴ See <https://www.hustlecover.com/post/coverhero-makes-it-to-insurtech-100>

¹⁵ See <https://www.hustlecover.com/post/plug-and-play-silicon-valley>

¹⁶ See <https://www.insurtechinsights.com/asia/about>

¹⁷ See <https://www.hustlecover.com/post/insurtech-insights-hong-kong>

¹⁸ See <https://www.plugandplaytechcenter.com/singapore>

¹⁹ See <https://sonr.global>

²⁰ See <https://idc.com/ap>

²¹ See <https://www.hustlecover.com/post/coverhero-listed-in-leading-insurtech-companies-in-asia-pacific-2020>

²² See <https://www.hustlecover.com/post/coverhero-on-digital-adoption-at-insurtech-fest-2020>

²³ See <https://www.hustlecover.com/post/kochies-business-builder-featured-hustle-cover>

²⁴ See <https://insurtechaustralia.org>

Awards and global recognition for innovation

Insurtech 100 globally

Insurtech 50 APAC

Excellence in business insurtech (Finnies 2020)

Excellence in business insurtech (Finnies 2021)

