

# Shared Economy

Patrick O'Dell



## Shared Economy – Poll Question

- Which of the following is the estimate of the shared economy's worldwide total value by 2025, according to PricewaterhouseCoopers:
  - A. \$115 Billion
  - B. \$175 Billion
  - C. \$255 Billion
  - D. \$335 Billion

## Shared Economy



- Exponential growth in this segment; Software-driven operations, not traditional “employers”.
- Currently, most contracted workers are not considered employees under WC laws and would not receive WC benefits if injured while working.

# Shared Economy

- Less traditional employees and more independent / contracted workers, particularly for the service sector.
- Main driver of shared / on-demand economy growth is advanced technology. It is transforming how labor is provided and used in the economy. e.g., Smart phones and applications enable fast and low cost matching of workers to jobs.
- Material reduction in payroll and premiums resulting from fewer workers subject to WC coverage.

## Shared Economy – Potential Impact on WC

- Possible change in WC laws with respect to definition of employee/who is covered to include contracted workers or those meeting specific defined criteria.
- Increased demand for 24 hour coverage for workers.
- Possible shift from WC as “sole remedy”: Significant increase in contracted workers suing the company or individual for which they worked? Will legal requirement for proof of negligence by the company be lowered?
- Possible pooling of contracted workers into groups to purchase WC insurance, similar to Lemonade?

## Shared Economy – Potential Impact on WC

- The shared economy trend is in the very early stage of its development and will take many years to evolve. There is considerable uncertainty regarding the ultimate economic, social and political impacts and how they will be addressed and resolved.
- There is an expectation of significant and lengthy legal disputes with respect to the many shared economy issues.
- One of the fundamental issues of the shared economy that will have to be addressed and resolved is who should bear the risk in the new shared economy. This will have a direct and potentially significant impact on WC insurance.

## Sources

- <http://www.businessinsurance.com/article/20180410/NEWS06/912320485/Lloyd%E2%80%A2>
- <https://www.iii.org/presentations>





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