

Rethinking insurance for the gig economy, the home business and the side hustler

Although there has been a shift towards the freelance/gig economy in recent years, the Covid-19 pandemic has moved the whole world to working from home (WFH).



Ernest North, co-founder, Naked

"In the past, there was a clear distinction between personal and commercial insurance, with insurance companies offering separate product lines for households and businesses. But the industry needs to evolve to keep up with new ways of working as more people work from home and launch side businesses, says Ernest North, co-founder of Naked.

The once thick line between personal and business insurance is starting to blur as insurance companies recognise that their policies should cater for the growing legions of people who work from home, including freelancers, side hustlers and members of the gig economy.

For example, there are many people who run a range of side businesses such as freelance photography, graphic design and DJ-ing. They will have expensive equipment they use both for leisure and for income generation, including a notebook, a professional-level camera and lenses, and sound equipment. Sometimes they'll use these things at home, and sometimes at a work gig.

These are some of the valuable portable items you might specify separately in your home contents policy. "Most home insurance products won't cover you if your camera is stolen while you're photographing a corporate function for work or if your company-owned MacBook is destroyed in a house fire. Another option would be to get business insurance for your side hustle, yet for your typical home-based business, full business insurance is overkill," he says.

Single product insurance

This is where single item insurance products from insurtech innovators come into play. For any specialised equipment that needs to be insured for business use, you can buy single items cover online.

"This sort of cover wouldn't be suitable for someone who works with large industrial equipment or dangerous chemicals. But it is ideal for people who have items that blur the line between personal and business use and that they often carry around with them. In principle, if you can fit it in your personal Citi Golf and take it to a job, you can probably use our single item cover," North says.

There are circumstances where a business will still definitely need traditional business insurance, for example:

- When a building or premises is primarily used for business;
- When you keep stock or manufacturing material on site, especially if some of these items are hazardous;
- When there is potential exposure to a liability claim because you often have customers or suppliers on site (for example, someone getting hurt in your garage workshop);
- When you use a vehicle primarily for commercial purposes, like a plumber's bakkie or an Uber driver's car.

"Many customers – especially young renters – might feel that traditional contents insurance is an unnecessary cost. Standalone insurance for the expensive items essential to their business is attractive to them. This new segment of the market is growing along with the work-from-home, side hustle and gig economy trends that are gathering momentum in South Africa."

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