Aiko: AI-Powered Insurance for Hybrid Workers

White Paper on Risk Management, Data Collection, and Dynamic Insurance Solutions

Executive Summary

Aiko is transforming insurance for the UK's **hybrid workforce, solopreneurs, and freelancers** by seamlessly blending personal and business coverage into a single, adaptive policy. Traditional insurance models fail to accommodate the evolving nature of work, where individuals operate across multiple income streams, blending personal and commercial activities.

Aiko is an **AI-first platform**, leveraging artificial intelligence across **every aspect of the business** to create a **seamless, intelligent, and adaptive insurance experience**. Unlike traditional insurers, which rely on static underwriting models and annual risk assessments,

Aiko's AI-driven approach enables:

- **Real-Time Risk Assessment** – AI continuously evaluates telematics, financial stability, cybersecurity habits, and work patterns to provide dynamic, personalised pricing.
- **Automated Underwriting & Claims Processing** – AI-powered decision-making reduces underwriting time from weeks to minutes and automates claims approvals, cutting processing time by up to 80%.
- **AI-Driven Customer Engagement** – Intelligent chatbots, predictive policy recommendations, and automated fraud detection enhance the user experience while reducing operational costs.

At the core of Aiko's innovation is a **multi-layered AI architecture** that integrates **real-time data from IoT devices, mobile apps, and financial analytics** to power **dynamic pricing, continuous risk assessment, and automated underwriting**. This ensures that coverage remains **affordable, personalised, and responsive** to the policyholder's evolving work patterns.

By leveraging AI to drive efficiency, reduce costs, and improve accuracy, Aiko is not just another insurtech—**it's the future of insurance for the modern workforce**.

1. Market Opportunity: The Rise of Hybrid Workers

1.1 The Shift Towards Hybrid Work

The UK's labour market has undergone a profound transformation:

- 4 million solo self-employed workers now account for 14% of the workforce, nearly doubling since 1975.
- 47% of Brits supplement their income with side hustles, earning an average of £546/month.
- 19% of adults started new ventures post-2020, with 16% generating over £1,000/month.

This shift has created a £14.1 billion insurance gap, as traditional policies fail to accommodate individuals blending personal and business activities.

1.2 Insurance Gaps in the Hybrid Workforce

Fragmented Coverage
- 72% of micro-businesses struggle to find policies that cover both personal and business risks.
- 63% of side hustlers operate without dedicated business insurance, relying on personal policies that exclude commercial activities.

Static vs. Dynamic Risk Mismatch
- Annualised premiums punish solopreneurs with seasonal workflows, leading to 44% being over- or under-insured quarterly.
- Usage-based models could save freelancers £380/year, yet only 12% of the market offers them.

Affordability Barriers
- Under-25 solopreneurs pay 89% higher premiums than 35–44-year-olds for equivalent coverage.
- Bundled solutions could reduce costs by 42%, yet only 14% of providers offer them.

Sector-Specific Exclusions
- 30% of photographers are underinsured for equipment.
- 92% of digital solopreneurs lack cyber insurance, despite £47,000 average breach costs.

2. Aiko's Data-Driven Insurance Model

2.1 AI Architecture Overview

AI Component	Function	Technology Used
Risk Engine	Assesses policyholder risk in real-time	Gradient Boosting, Neural Networks
Dynamic Pricing Model	Adjusts premiums based on real-time behaviour	Reinforcement Learning, Bayesian Optimisation
Fraud Detection AI	Identifies anomalies in claims and applications	Anomaly Detection, NLP
Automated Underwriting	Streamlines policy approvals and adjustments	Decision Trees, Generative AI
Customer Insights AI	Predicts customer needs and retention risks	Predictive Analytics, NLP

2.2 AI-Powered Risk Scoring

Aiko's AI risk engine is designed to **continuously learn and improve**, ensuring that risk assessments become more precise and personalised over time. Unlike traditional insurers that rely on static risk models, Aiko's AI:

- **Retrains itself using real-time data** – Every new claim, user behaviour pattern, and fraud detection case is fed back into the model to refine predictions.
- **Adapts to emerging risks** – AI detects new fraud patterns, economic shifts, and industry trends, ensuring that policies remain relevant and fairly priced.
- **Incorporates user feedback** – Policyholders can challenge risk scores, and AI will adjust based on verified behavioural improvements (e.g., safer driving habits).

Example: AI Model Evolution Over Time

Version	AI Model Improvement	Impact on Policyholders
1	Initial AI model trained on historical claims data.	Baseline risk scores assigned.
2	AI integrates real-time telematics and financial data.	More accurate pricing for active users.
3	AI detects fraud patterns and refines anomaly detection.	Reduced false claims, lower fraud-related costs.
4	AI incorporates user feedback and behavioural improvements.	Policyholders rewarded for positive changes.

By continuously evolving, Aiko's AI ensures that low-risk users benefit from lower premiums, while high-risk behaviours are fairly priced and incentivised for improvement.

2.3 How Aiko's AI Risk Engine Works

Aiko's risk engine is built on a **multi-factor scoring model** that evaluates a policyholder's risk based on **behavioural, financial, and cybersecurity data**. The AI **continuously learns from historical claims, real-time user behaviour, and external risk factors** to improve accuracy.

Key Risk Factors & Data Sources

Risk Factor	Data Sources	AI Techniques Used
Driving Behaviour	GPS tracking, telematics sensors, braking patterns	Time-Series Analysis, Anomaly Detection
Work Patterns	App usage, gig platform activity, work hours	Behavioural Clustering, Predictive Modelling
Financial Stability	Open Banking APIs, income consistency, spending habits	Bayesian Inference, Credit Risk Modelling
Cyber Risk	Phishing attempts, password security, device integrity	NLP, Network Anomaly Detection
Environmental Risks	Location-based risk factors (crime rates, weather conditions)	Geospatial AI, Risk Heatmaps

AI-Driven Risk Scoring Model

Aiko's AI assigns a weighted risk score to each policyholder by analysing real-time behavioural and financial data. The model is designed to be adaptive, meaning it adjusts dynamically as new data is collected.

Risk Score Calculation Breakdown

Driving Behaviour (30%)
- Analyses harsh braking, speeding, and accident history using telematics data.
- Higher risk for frequent late-night driving or erratic driving patterns.

Financial Stability (40%)
- Evaluates income consistency, savings patterns, and financial resilience.
- Users with stable income streams receive lower risk scores.

Cyber Risk (20%)
- Monitors phishing attempts, weak passwords, and device security habits.
- Higher risk for users with frequent security breaches or poor cybersecurity hygiene.

Environmental Risk (10%)
- Assesses crime rates, accident-prone areas, and weather conditions.
- Users operating in high-risk locations may see temporary premium adjustments.

Example: AI-Driven Risk Calculation in Python

```python
def calculate_risk_score(user):
    # Driving behaviour risk assessment
    driving_behavior = (user.telematics_data['harsh_braking'] * 0.3) + \
                       (user.telematics_data['speeding_incidents'] * 0.2) + \
                       (user.telematics_data['night_driving_hours'] * 0.1)

    # Financial stability risk assessment
    income_stability = (user.financial_data['income_variability'] * 0.4) - \
                       (user.financial_data['savings_ratio'] * 0.2)

    # Cyber risk assessment
    cyber_risk = (user.online_activity['phishing_attempts'] * 0.2) + \
                 (user.online_activity['weak_passwords_detected'] * 0.1)

    # Environmental risk assessment
    environmental_risk = (user.location_data['crime_rate'] * 0.1) + \
                         (user.location_data['accident_prone_area'] * 0.1)

    # Final risk score calculation
    total_risk_score = driving_behavior + income_stability + cyber_risk + environmental_risk
    return total_risk_score
```

How Aiko Uses Risk Scores for Dynamic Pricing

Once the risk score is calculated, Aiko's dynamic pricing engine adjusts the policyholder's premium in real-time.

- **Low-risk users** (e.g., safe drivers, financially stable freelancers) receive discounted premiums.
- **High-risk users** (e.g., erratic drivers, inconsistent income earners) may see temporary premium increases.
- **Risk mitigation incentives**: Users can lower their risk score by improving driving habits, securing their online accounts, or maintaining financial stability.

Continuous Learning & AI Model Improvement

Aiko's AI risk engine is self-improving, meaning it learns from new data to refine its predictions.

- **Machine learning models retrain periodically** to **incorporate new claims data, fraud patterns, and emerging risks**.
- **User feedback loops** allow policyholders to **challenge risk assessments**, ensuring fairness and transparency.
- **Regulatory compliance**: AI models are designed to be **explainable and auditable**, aligning with FCA and GDPR guidelines.

Why Aiko's AI Risk Scoring is a Game-Changer

- Real-time risk assessment ensures accurate, fair pricing.
- Multi-factor AI model captures behavioural, financial, and cybersecurity risks.
- Adaptive learning improves risk predictions over time.
- Incentivises safer behaviour by rewarding low-risk users with lower premiums.

Aiko's AI-powered risk scoring redefines how insurance is priced, ensuring fair, personalised, and dynamic coverage for the modern hybrid workforce.

2.4 Micro-Duration & On-Demand Coverage

Insurance isn't about covering a user when they don't need it at Aiko, it's for when they do, additionally, Aiko considers the outcome of a customers insurance needs and doesn't try tro stick them in a box e.g. photographer, driver, developer etc.

Aiko offers flexible, short-term policies tailored to freelancers' needs e.g:
- Hourly public liability coverage for event staff (£0.85/hour).
- 4-hour cyber breach coverage for IT consultants.
- Per-mile commercial auto insurance for delivery drivers.

4. Implementation Roadmap & Go-to-Market Strategy

4.1 Phase 1: MVP Development

- Build AI-powered risk engine prototype.
- Train machine learning models on initial user data.
- Partner with a relevant platform (e.g., Fiverr).
- Conduct pilot program with 500 users.
- Target the London market.

4.2 Phase 2: Scaling

- Expand partnerships to include freelance platforms (e.g., Upwork).
- Deploy AI-driven claims automation.
- Introduce wearable health trackers for risk assessment.
- Expand AI underwriting models for more accurate risk assessment.
- Launch nationwide marketing campaigns targeting hybrid workers.

5. Fundraising Strategy & Growth Metrics

Aiko is seeking £1.75M in seed funding post-Founders Factory build period to accelerate the development and deployment of its AI-powered insurance platform. Given the need to use capital efficiently, we are prioritising lean operations, AI automation, and strategic partnerships to maximise impact while minimising costs in the effort to become a full insurance carrier.

5.1 Capital Requirements & Milestones

Investment Area	Allocation (£)	Purpose
AI Underwriting Infrastructure	£450,000	Develop and refine AI-driven risk assessment models, dynamic pricing engine, and automated underwriting.
Data Acquisition & Model Training	£250,000	Secure high-quality datasets for AI training, including telematics, financial, and cybersecurity data.
Cloud Infrastructure & AI Compute Costs	£200,000	Deploy scalable cloud based AI models for real-time risk scoring and claims automation.
Regulatory Compliance	£150,000	Ensure compliance with FCA regulations, GDPR, and AI transparency requirements.
Strategic Partnerships & Distribution	£200,000	Expand partnerships with gig platforms (e.g., Deliveroo, Upwork) and embedded insurance providers.
Marketing & Customer Acquisition	£150,000	AI-driven marketing campaigns, web scraping for customer insights, and digital outreach.
Salaries & Core Team	£250,000	Lean team structure focused on AI engineers, compliance, and business development.
Operational Costs & Contingency	£100,000	Essential business expenses, legal fees, and unexpected costs.

Key Considerations for Efficient Capital Use

- **Lean Team Structure**: Aiko will prioritise AI automation to reduce reliance on large operational teams. The core team will focus on AI engineers, compliance experts, and business development, with outsourced support for non-core functions.
- **AI-Driven Cost Savings**: By leveraging AI-powered customer support, automated underwriting, and claims processing, Aiko will minimise operational overhead while maintaining high efficiency.
- **Strategic Partnerships**: Instead of building everything in-house, Aiko will partner with existing platforms (e.g., gig economy apps, fintech providers) to reduce customer acquisition costs and accelerate distribution.
- **Regulatory Compliance from Day One**: Investing early in FCA compliance and AI transparency ensures smooth scaling and investor confidence.

Key Metrics for Series A

To position Aiko for Series A funding, we aim to achieve the following milestones within 12 months:

- 2,500 active policies underwritten using AI-powered risk assessment.
- £1.75M in gross written premiums (GWP), demonstrating strong revenue traction.
- Customer acquisition cost (CAC) < £50, leveraging AI-driven marketing and automation.
- AI risk prediction accuracy > 90%, ensuring precise underwriting and pricing.
- Claims processing time reduced by 80%, using AI automation for faster approvals.
- Regulatory approval secured, ensuring compliance with FCA and GDPR standards.

6. Competitive Advantage & Why Aiko Will Win

Aiko is uniquely positioned to **disrupt the £14.1B hybrid workforce insurance market** by leveraging its AI-first approach, real-time risk assessment, and strategic partnerships. Unlike traditional insurers, **Aiko is built from the ground up with AI at its core**, allowing for **faster, more accurate underwriting, dynamic pricing, and seamless customer experiences**.

6.1 Unfair Advantage

Aiko's competitive edge is built on three key pillars:

First-Mover in Blended Insurance for Hybrid Workers

- Traditional insurers separate personal and business coverage, forcing hybrid workers to juggle multiple policies.
- Aiko seamlessly integrates both, offering a single, adaptive policy that adjusts in real-time based on work patterns.
- No direct competitors currently offer this level of flexibility and AI-driven personalisation in the UK market.

AI-Driven Risk Assessment for Real-Time Pricing

- Traditional insurers rely on static, outdated risk models, leading to overpriced or underpriced policies.
- Aiko's AI-powered risk engine continuously analyses telematics, financial stability, cybersecurity habits, and work patterns etc. to dynamically adjust premiums.
- Machine learning models improve over time, ensuring that risk assessments become more precise and personalised with each new data point.

Regulatory Partnerships for Compliance & Scalability

- Insurance is a highly regulated industry, creating barriers for new entrants.
- Aiko will proactively work with regulators to ensure FCA compliance, GDPR adherence, and AI transparency.
- Early regulatory alignment allows Aiko to scale faster and gain investor and customer confidence.

6.2 What We Need from Founders Factory & Aviva

To accelerate growth and solidify Aiko's position as the leading AI-powered insurtech for hybrid workers, **we seek strategic support from Founders Factory and Aviva** in three key areas:

Regulatory Support to Fast-Track FCA Approval

- **Navigating FCA approval** is complex and time-consuming—Founders Factory and Aviva's expertise can help streamline the process.
- **Access to regulatory advisors** will ensure Aiko's AI models meet compliance and transparency standards from day one.
- **Early compliance** gives Aiko a competitive edge, reducing legal risks and accelerating market entry.

Distribution Partnerships with Aviva's SME Network

- Aviva's extensive SME customer base provides a **built-in distribution** channel for Aiko's insurance products.
- **Embedded insurance opportunities**: Aiko can integrate its policies into Aviva's existing platforms, offering seamless coverage for hybrid workers.
- **Co-branded products**: Potential for joint offerings that leverage Aviva's brand trust and Aiko's AI-driven innovation.

AI Expertise to Refine Risk Models & Underwriting

- **Aviva's actuarial and underwriting teams** can provide valuable insights to enhance Aiko's AI models.
- **Access to historical claims data** can help train Aiko's machine learning models, improving risk prediction accuracy.
- **Collaboration** on AI-driven fraud detection can reduce losses and improve claims efficiency.

Access to Industry Experts & Mentorship

- **AI & Data Science Specialists** – Guidance on refining Aiko's machine learning models, risk scoring algorithms, and fraud detection systems.
- **Insurance & Fintech Experts** – Insights from seasoned industry professionals on underwriting, compliance, and product-market fit.
- **Growth & Marketing Advisors** – Support in optimising customer acquisition, retention strategies, and AI-driven marketing campaigns.

Strategic Networking & Investor Introductions

- **Access to Founders Factory's investor network**, including VCs, angel investors, and corporate partners who specialise in insurtech and AI-driven startups.
- **Warm introductions** to potential B2B partners, including gig platforms, fintech companies, and embedded insurance providers.
- **Opportunities to pitch** at exclusive investor events, increasing Aiko's visibility and funding potential.

Product Development & Technical Support

- **AI & Engineering Support** – Assistance in optimising AI models, improving infrastructure scalability, and integrating third-party data sources.
- **User Testing & Feedback Loops** – Access to beta testers and early adopters to refine Aiko's product before full-scale launch.
- **Legal & Compliance Guidance** – Support in navigating FCA regulations, GDPR compliance, and AI ethics considerations.

Growth Acceleration & Market Expansion

- **Go-to-Market Strategy Refinement** – Expert guidance on pricing models, customer segmentation, and acquisition channels.
- **International Expansion Roadma**p – Insights on scaling Aiko beyond the UK, including market entry strategies for Europe and beyond.
- **Embedded Insurance Playbook** – Best practices for seamless integration with gig platforms, fintech apps, and SME marketplaces.

7. The Future of Insurance is Hybrid

The nature of work is evolving, and insurance must evolve with it. The rise of hybrid workers, solopreneurs, and gig economy professionals has created a £14.1 billion insurance gap, as traditional policies fail to accommodate individuals blending personal and business activities.

Aiko is redefining insurance for this rapidly growing workforce by offering:
- **Blended personal and business coverage** in a single, adaptive policy.
- **AI-driven risk assessment** for real-time, personalised pricing.
- **Usage-based, flexible policies** that adjust to the user's work patterns.

Aiko's vision extends beyond insurance—we aim to become an essential partner in the financial and professional well-being of hybrid workers.

7.1 The Future of AI-Powered Insurance

Aiko's **AI-first approach allows us to continuously innovate**, introducing new capabilities that go beyond traditional coverage.

Predictive Insurance Coverage

- **AI-driven policy recommendations**: Aiko's machine learning models will anticipate coverage needs before the user even realises them.
  - *Example*: If a freelancer's income shifts toward more international clients, Aiko can proactively suggest cyber liability coverage for data protection.
- **Dynamic policy adjustments**: AI will automatically adjust coverage based on real-time work patterns, ensuring users are never under- or over-insured.

AI-Powered Financial Wellness Tools for Solopreneurs

- **Income smoothing insights**: AI will analyse earnings fluctuations and provide recommendations on savings, budgeting, and tax planning.
- **Smart expense tracking**: Aiko will integrate with open banking APIs to help users categorise business expenses and optimise tax deductions.
- **Cash flow forecasting**: AI will predict slow months and suggest financial strategies to maintain stability.

Complimentary VPN for Cybersecurity Protection

- Freelancers and solopreneurs are prime targets for cyber threats—Aiko will offer a **free VPN subscription** to enhance online security.
  - Protects sensitive client data for professionals handling contracts, financial transactions, and intellectual property.

Weekly Perks: Complimentary Coffee & More

- Aiko isn't just an insurer—it's an **"always on" partner**.
- **Weekly perks** (e.g., free coffee, co-working space discounts, wellness vouchers) will be offered to reward responsible behaviour and enhance work-life balance.
  - *Example*: Safe drivers and financially stable users could unlock exclusive benefits, reinforcing positive habits.

7.2 Aiko's Long-Term Vision

Aiko is not just building an insurance company—we are creating a **comprehensive support system for the modern workforce**.

- AI-driven, adaptive insurance that evolves with the user.
- Financial wellness tools to help solopreneurs thrive.
- Cybersecurity protection to safeguard digital professionals.
- Community perks that make hybrid work more rewarding.