shareholders were not subject to the usual lockup period. Nor did undersupply lead to jerky pricing, though there was some volatility the following day.

Spotify has shown that direct listing is feasible. Matthew Kennedy of Renaissance Capital, a research firm, reckons it saved over $30m in fees to investment banks (although some were paid for advising on the listing). Bankers need not fret for their futures, however. Spotify was hardly typical of firms going to market. Its brand needed no introduction. It did not need to raise capital: the listing was a way for existing shareholders to cash out. Even if another company were in a similar position, its founders might prefer to pay bankers' fees rather than run the risk of early volatility. And some, no doubt, would like to have their moment in the limelight. ■


Insurance and the gig economy

# Your policy is arriving in two minutes

SAN FRANCISCO AND TORONTO

**How insurance policies are being adapted to fit freelance working**

THE rise of the gig economy means not only workers, but those who insure them, are having to adapt. Take third-party liability insurance—the sort that would pay out if, for instance, a courier hit and injured a pedestrian. An employee driving a company van would be covered by a standard commercial-insurance policy. But "gig" couriers, working when they wish and using their own cars, must often insure themselves. Even if they have personal cover, it will not usually pay out for accidents that happen while they are driving for work.

Among the firms seeking to fill this gap is Zego, which sprang up to serve scooter couriers such as those working for Deliveroo, a food-delivery service. Deliveroo and its rivals require proof of insurance from couriers, but had no easy way to check it was valid. Couriers, meanwhile, were often loth to pay stiff premiums. Harry Franks, formerly of Deliveroo and co-founder in 2016 of Zego, spotted an opportunity and convinced insurers that a different model could be profitable.

Zego now brokers third-party liability insurance for couriers working in Britain for nearly a dozen different firms such as Amazon or Quiqup (it plans to expand to Ireland and Spain). Couriers pay by the working hour. Coverage starts when they activate the courier's app on their phone, and stops when they sign off.

Many gig workers want to go beyond third-party coverage and buy coverage for themselves, for example against illness. For platforms, which insist their workers are independent contractors, not employees (and thus do not create a liability for payroll taxes), providing such specialist insurance is a way to offer some of the perks normally associated with employment without having to concede that point.

A good example is the insurance that Uber, a ride-hailing company, now offers through Aon, an insurance broker, in many American cities. Drivers can choose to be covered against illness, disability and death for as little as $0.04 for each mile they drive. Where it is offered, Uber has raised the rate it pays drivers by the same amount, making the resemblance to an employment benefit even stronger. For regulatory reasons, drivers must opt in. But a similar agreement between Uber and AXA, a French insurer, for Uber's food-delivery arm, UberEATS, in nine European countries gives all couriers accident, sickness and third-party liability coverage, with no need to opt in and no charge.

Uber's policy for its drivers in Ontario through Intact, a local insurer, and a similar offering from Lyft, Uber's rival, through Aviva, in Toronto, combine personal and third-party coverage. Both take a three-stage approach. The first kicks in when a driver launches the Uber (or Lyft) app. The second, with higher coverage, starts once a ride is accepted. The third runs from when passengers are picked up until they are dropped off. These schemes resemble commercial-fleet policies in structure, points out Mamta Kohli of Aviva, but differ in their sporadic nature.

Some gig-economy insurance schemes are more inventive still. A scheme from AXA for users of BlaBlaCar, a French long-distance car-pooling service, covers repairs and provides alternative transport if a car breaks down. Clutch, a car-subscription startup in America, has a commercial-insurance policy that covers users not only in any of its cars but also when they borrow a friend's car. This breaks the usual pattern of commercial policies being tied to specific vehicles, and of personal policies alone being tied to individuals.

Such innovation is not always easy for established insurers. Their software systems can be so ancient that policies have to be printed out with standard wording and modified with a typewriter, says Jillian Slyfield of Aon. Regulators can be slow to accept novel arrangements. And for a firm that pays by the hour and relies on workers having their own equipment, providing insurance can be an outsize expense. Ms Slyfield complains that some advertise coverage they do not in fact have.

In the longer term insurers face a more fundamental challenge: disintermediation. Airbnb, a platform for booking stays in private homes, has offered a "host guarantee" against theft and vandalism since 2011. Although it works like insurance, no specialist firm is involved. Airbnb makes payouts itself. Curtis Scott of Uber boasts that the firm is "perhaps the most educated purchaser of insurance ever". It does a lot of the calculations for pricing and underwriting its insurance risk, and has a potential sales platform in the form of its app. For Uber and its peers, the next step could be to expand their gig offerings into insurance. ■