

For the On-Demand economy to survive and thrive, insurers and platforms need to listen to drivers

Since 2020, buying behaviours have shifted significantly in favour of on-demand purchasing options. As such, the global on-demand economy is expected to reach \$335B by 2025, according to PwC research.

Temps de lecture : minute

15 January 2025

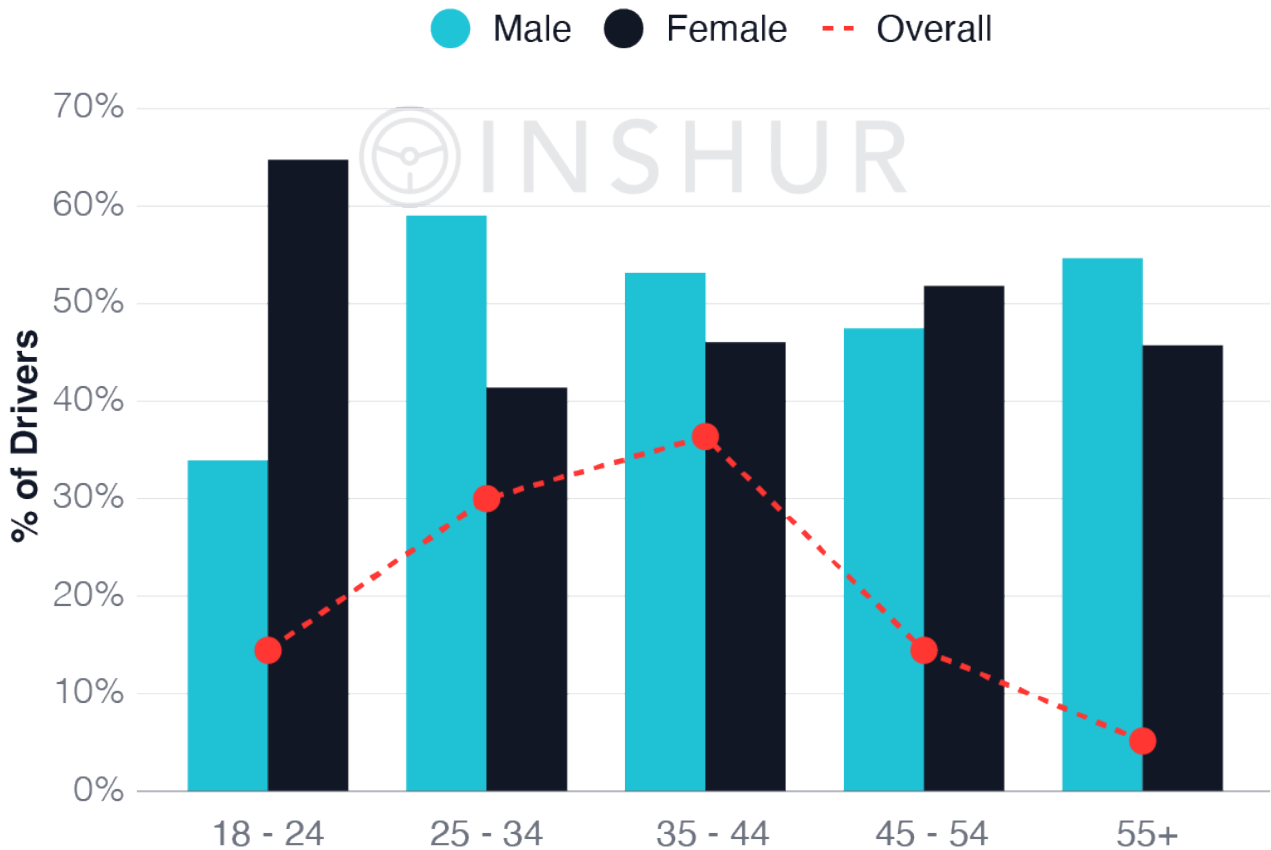
The on-demand economy is expanding rapidly to include all kinds of goods and services, including household repairs and flat-pack furniture building through the likes of TaskRabbit and Thumbtack, dry cleaning from Laundryheap, and Instacart for groceries and other household items. Soon, we'll be able to order everything we need via an on-demand app.

There is an entire group that is growing this new on-demand economy and they are the lifeblood of this new era of commerce – and today, many of these are Rideshare and Delivery drivers. According to *our report [Driving the On-Demand Economy](#)*, these drivers are a truly diverse group from all walks of life and every demographic imaginable, and they have very different lifestyles and needs to traditional drivers in these industries.

While taxi and delivery driving has long been considered a male-dominated profession, almost half of the US-based drivers we surveyed are women. And, almost half of female drivers are 34 years old and younger, suggesting that younger generations are seizing the

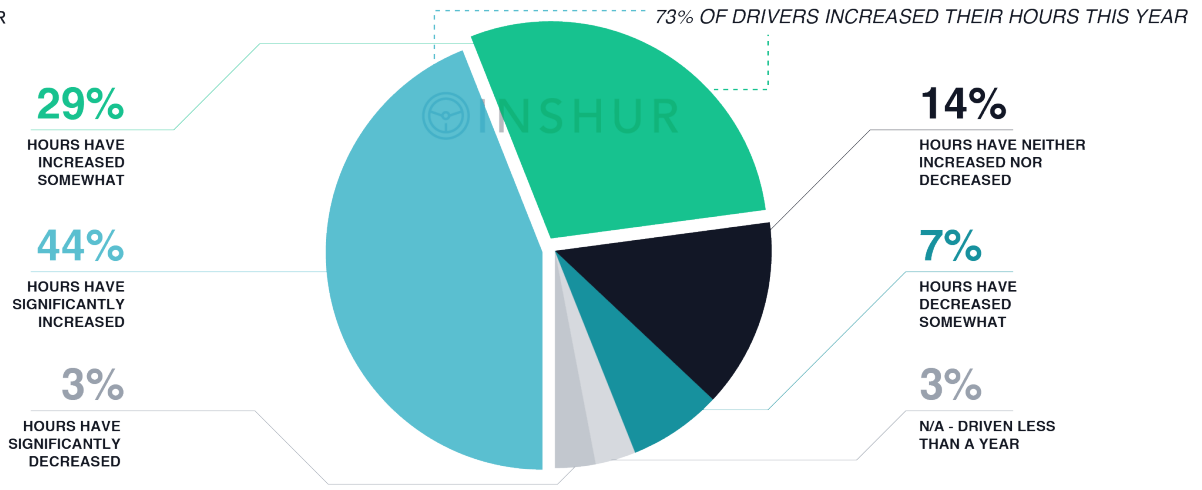
opportunities offered by on-demand apps to buck established stereotypes and taboos.

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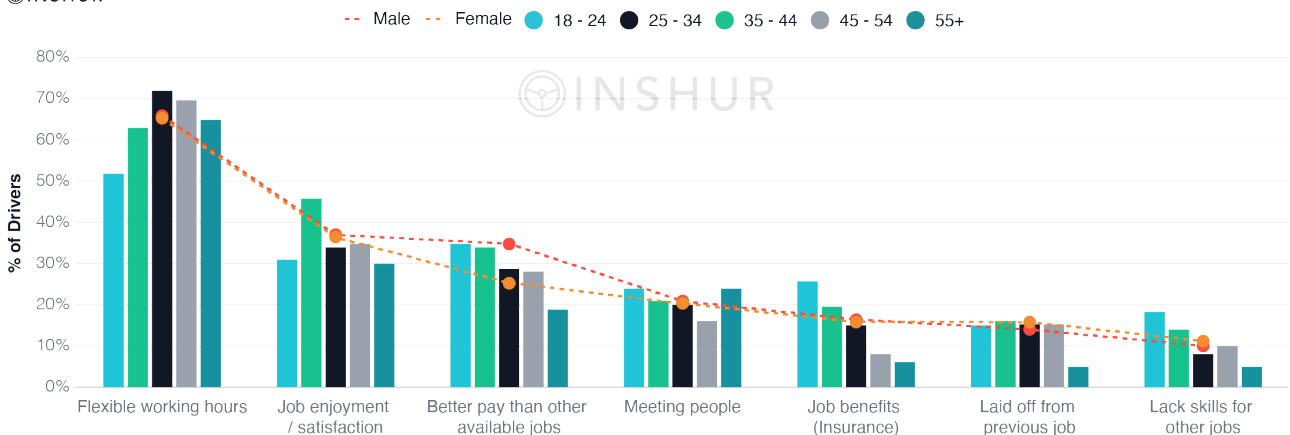
Total Drivers Split by Age and Gender

There also may be a growing spirit of entrepreneurialism as drivers use on-demand apps as their main source of income, building their own business. We have dubbed them 'on-demand entrepreneurs'. While over half of on-demand economy drivers drive under 50 hours per month, a significant majority say they are driving longer hours than a year before – with 44% saying they are now driving twice the number of hours they were in 2022.



Hours Increased/Decreased Overall

The great news is that three quarters of on-demand economy drivers are satisfied with their work-life balance, with 38% saying they are very satisfied. But while drivers love the benefits of driving, such as adjustable working hours and boosting the income they receive from other jobs, they face challenges too. It's true to say that on-demand economy drivers come from varied backgrounds and have very different lifestyles from each other, which means they need to be treated as individuals – including having access to insurance products that cater to their specific lifestyles and driving behaviours.



Insuring the On-Demand economy

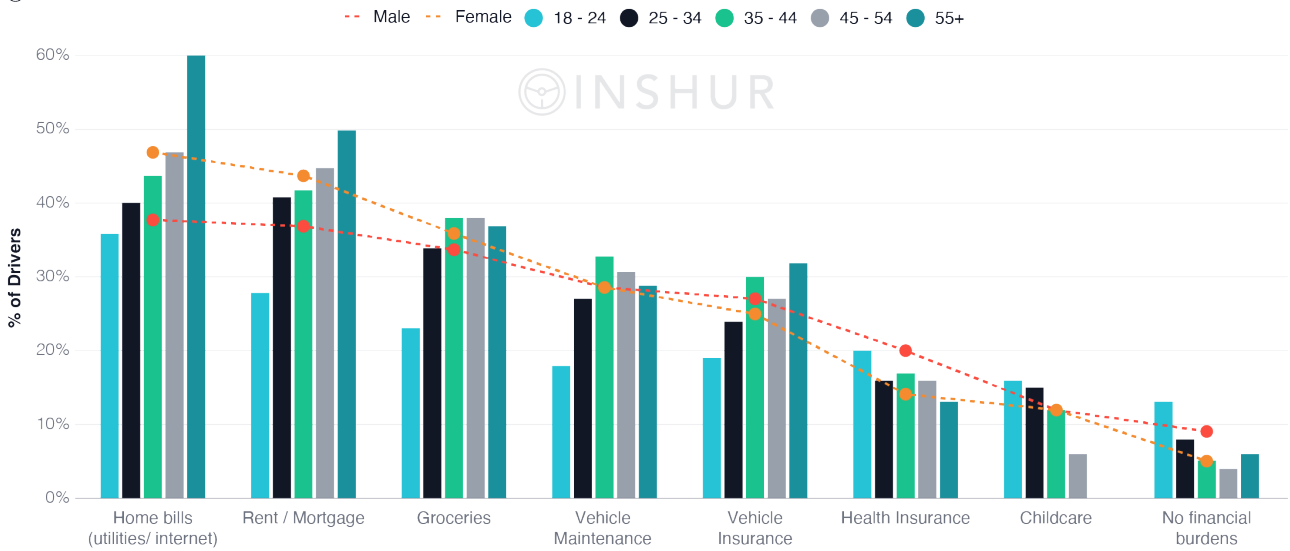
To drive for on-demand economy apps, drivers need auto insurance – which varies between Rideshare and Delivery as well as by state regulations, meaning that traditional insurance policies can struggle to satisfy the needs of individual drivers.

Many on-demand drivers state that the process of applying for insurance is often complex or inaccessible. In fact:

- Just over a quarter of drivers (26%) stated that on-demand platforms should make efforts to offer better pricing for insurance to their drivers
- 25% say they should also offer advice and/or assistance when buying insurance ; and
- women (27%) are more likely than men (23%) to say they need help buying insurance

It's therefore unsurprising that on-demand drivers (27%) place vehicle insurance in their top five financial burdens.

- Men (27%) are more likely than women (25%) to say that vehicle insurance is a financial burden, despite women drivers paying 5% more of their driving earnings on insurance than men
- Even though young drivers aged 18-24 are least likely to consider vehicle maintenance and insurance a financial burden, almost a third (32%) of the over 55s say vehicle insurance and a third of 35-44 year olds cite vehicle maintenance as burdens



Financial Burdens by Age x Gender

The findings clearly demonstrate that insurance models need to become more accessible and flexible to match the nature of on-demand driving, so that drivers of any age can purchase the exact level of coverage they need for multi-app use.

Through embedding insurance products directly into the apps, platform data (such as delivery or trip data), claims and other proprietary datasets – such as speed, incidents, driving ability and safety – can help insurers to provide comprehensive coverage that is adaptable to the type of driving the on-demand driver chooses to do. This helps mitigate any risk of alienating drivers who have chosen flexibility and financial control over traditional working patterns by delivering insurance products where they can easily access them – thereby keeping them on the road and earning.



Overall Demographic by App Type

It takes both an insurance and technology specialist with a deep understanding of insurance loss ratio drivers and dynamic pricing models to offer insurance products that can be tailored to the needs of individual drivers. Underwriting expertise plays a significant role in providing fair insurance products.

At INSHUR, we work closely with platform partners including Uber and Amazon to ensure hard-working drivers get the best deal possible when it comes to their insurance. Even though we know on-demand drivers well, we are constantly looking to meet their needs in this evolving on-demand economy, with the help of our platform and insurance partners.

Rideshare and Delivery drivers are transforming the world of commerce in the US, creating the most profound economic shift in four decades. In order for the on-demand economy to survive and thrive, insurers and on-demand platforms should consider drivers' feedback carefully and continue to work together to build better commercial auto insurance products for drivers.

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