Sharing Risks, Sharing Rewards: Who Should Bear the Risk in the Sharing Economy?

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Why did we select this research?

Traditional insurance, mostly centered around commercial and personal products, is now evolving to meet needs of disruptive business models and responding to changes in the way assets and services are being consumed. The sharing economy has resulted in multi-party relationships between consumer, provider, and platform, blurring the line between who is liable for assets, both tangible and intangible.

Lloyd's surveyed 5000 consumers from the U.S.A., U.K., and China, in addition to representatives from 30 sharing platforms on their perception and management of risks related to the sharing economy. The greatest threats relating to the sharing economy are intangible, especially trust and reputation

Key findings

Chinese consumers engage most with the sharing economy, both as consumers and providers of products and services, likely as a result of perception of lower risks. Americans reported lowest engagement and more risk: 49% have never used a sharing economy product or service.

Consumers expect to be protected when they use or share services

97% consumers believe sharing platforms provide protection for users/providers
28% actually check if sharing platforms have insurance

Consumers consider the platform as the service provider and expect them to take responsibility, 53% believe the platform should be offering protection

Sizeable untapped market and insurance is a potential driver of growth

16% consumers have shared a product/service via sharing economy platforms
70% of those who don't share would be more likely to **if they knew they were protected**

Insurance is a potential driver for growth

Insurance is the key DRIVER of consumer confidence and trust, which would lead to growth within sharing platforms.

78% providers say would get more customers with insurance

Top Risk Concerns of Consumers

1. Personal safety
2. Quality of service
3. Damage to assets
4. Theft
5. Lack of sufficient safeguards

Top Risk Concerns of Asset Providers

1. Theft or damage to assets
2. Agreements falling through more easily
3. Potential liability for customers
4. Employment status and protections

Risks for platform providers are predominantly regulatory as most existing regulations predate the sharing economy, which can create uncertainty. Flexible and responsive regulations that can match the pace of technological innovation. Furthermore, assets in sharing economy are often intangible and fragmented in ownership and usage, insurance providers, users, and regulators need to come to a consensus regarding who is responsible.

Reference

Retrieved from: https://www.lloyds.com/news-and-risk-insight/risk-reports/library/technology/sharing-risks-sharing-rewards