LLOYD'S

A buyer's guide for sharing economy insurance

Sharing economy's explosive growth is now part of modern society

There are now thousands of sharing economy businesses operating in almost every sector and activity around the world. "Access over ownership" is a shift that has taken root, as digital and mobile technologies make it ever easier to access goods and services on-demand.

The sharing economy is projected to continue expanding and disrupting many established industries. PwC estimates, for instance, that total transactions in the sharing economy in Europe alone will increase from EUR 28 billion in 2016 to EUR 570 billion by 2025.

In 2018, across UK, US, China, Germany, France and UAE, Lloyd's estimated that approximately 500 million people shared assets, possessions or services with other consumers in the past three years, while circa 680 million consumed them. (*Squaring risk in the sharing age: How is the collaborative economy reshaping insurance products?*) Read the full report at lloyds.com/sharingeconomy

To realise this growth, sharing economies need to grow sustainably, and ensure they and their customers are adequately protected from business and consumer risks. Insurance can help achieve these aims by paying out claims when things go wrong, enhancing credibility, instilling confidence and building trust with investors and customers.

Consumers expect to be protected when they use sharing economy services

Of consumers surveyed:

97% believe the sharing economy platforms provide some sort of protection for users and providers.

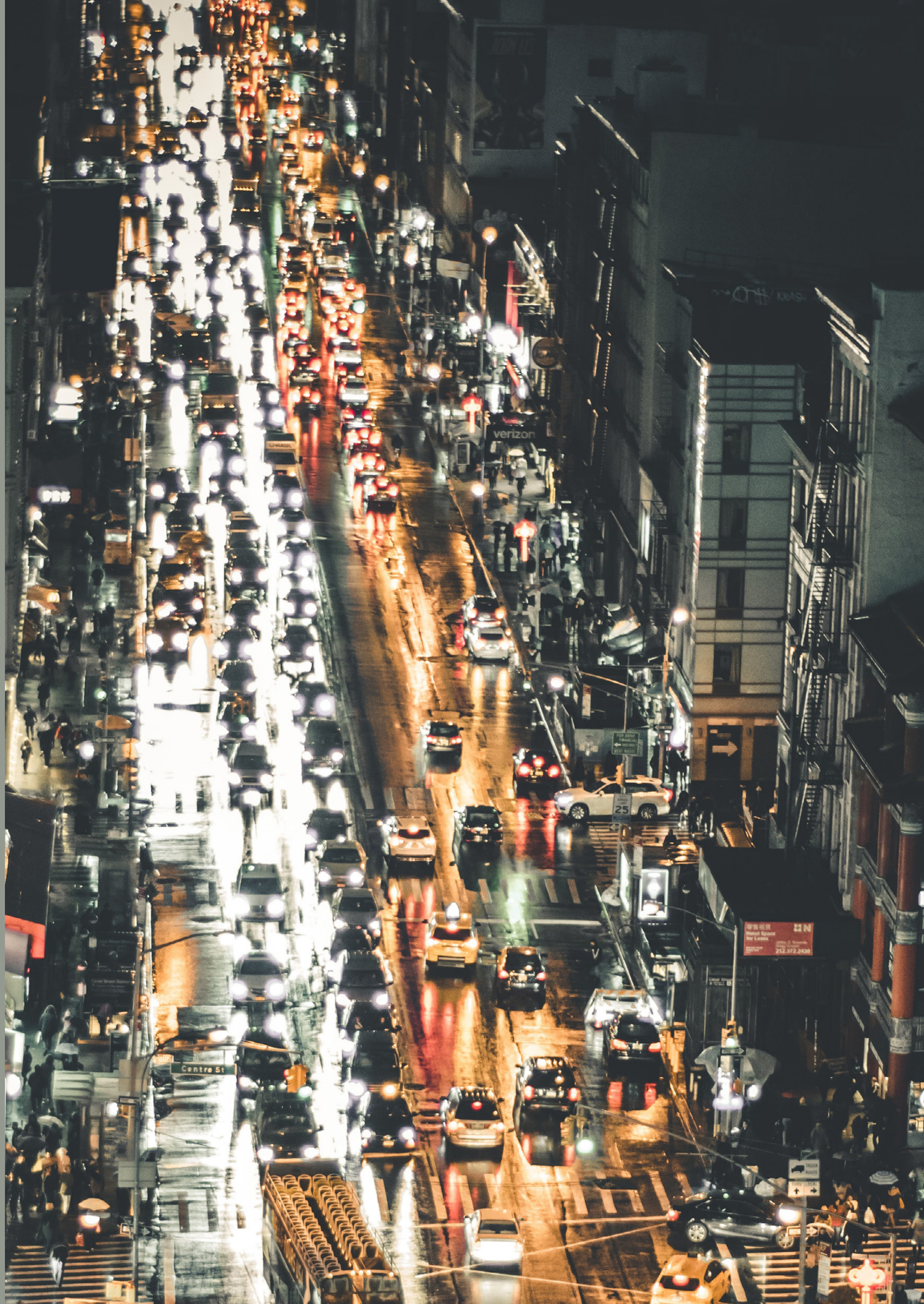
45% assumed there was insurance coverage.

28% looked in detail to see if there was coverage.

73% have a level of expectation around insurance protection.

70% Of those that have NOT shared, 70% said they would be more likely to share an asset or service if they knew it were protected by insurance. More people sharing means more potential revenue for sharing economy companies.

*Note: findings based on 5,000 consumers across UK, US and China.
Reference: *Sharing risks, sharing rewards: Who should bear the risk in the sharing economy?*



What does the Lloyd's market cover?

General liability

As sharing economy platforms typically own no assets, the largest insurance purchased tends to be auto liability or general liability, depending on the underlying activities (whether it involves vehicles or homes and services). Insuring third party assets that are less controlled than first party assets both for property damage and resulting bodily injury can be complex and hence the bespoke solutions that have been created in Lloyd's to address these risks.

Automotive

With both car-sharing and ride-sharing becoming increasingly common, demand for products that cover pay-per-trip or pay-per-use business models may grow in the motor insurance market. Lloyd's has a long history of providing specialist auto insurance and offers the flexibility of tailored insurance products suitable for the sharing economy.

Cyber

With sharing economy platforms leveraging technology to connect consumers and goods and services providers, cyber threats can have serious implications for the operations and reputation of sharing economy businesses. Risk transfer solutions for both first-party business interruption risks to third-party exposures from security breaches can typically be catered for within Lloyd's.

Personal accident

As the sharing economy evolves, the number of self-employed people could increase. As fewer workers will have personal accident cover provided by their employers, they may seek private insurance instead.

Financial and professional lines

As sharing economy businesses grow, and increasingly develop new and innovative methods of offering goods, services and investment, risk exposures can also be affected. For example, litigation risks can be generated by disruptive business models and in certain circumstances can increase as different responsibilities to various parties change.

Business interruption

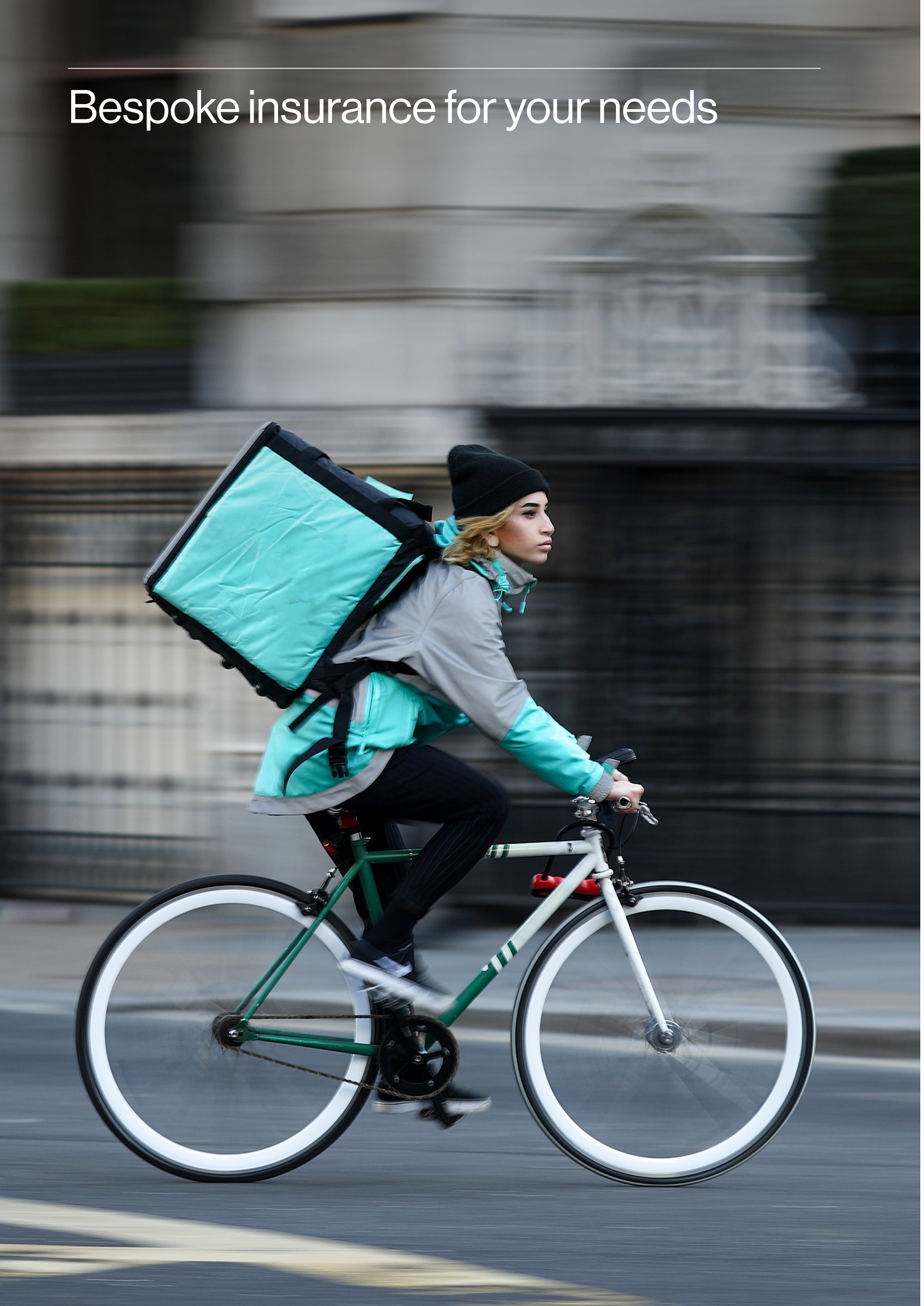
Business interruption is a well-established line of insurance, usually triggered by physical damage or extended to include non-physical damage. Sharing economy companies and their business models often have different contractual relationships compared with more traditional business models. The Lloyd's market has experience of working with non-standard business interruption insurance arrangements as well as of working with companies in the sharing economy to provide suitable business interruption cover.

Travel

As more people travel independently and fewer buy packaged holidays, they may buy travel insurance directly rather than through tour operators offering it as part of an overall package. Travellers may also start to seek protection from their accommodation provider or other companies going out of business. Lloyd's underwriters can provide travel insurance policies, tailored to individual needs.

*These are examples of the coverage available from the Lloyd's market. Individual policies are subject to their own terms and conditions, and some types of cover may be excluded. It is important that you read your policy to ensure it provides the cover you require.

Bespoke insurance for your needs



What to be aware of when buying sharing economy insurance

Questions to consider

- Who and what do you want to insure?
- Are you buying a group or individual policy and what are the implications of each?
- Do you ask users to provide their own insurance? If so, how is this monitored?
- What territories are you in or want to be in?
- What are the minimum requirements for people joining your platform?
- What background checks are performed? How?
- To what extent are you able to market the Insurance product should you want to?
- What rating schemes and vetting procedures should you have in place?
- What cyber security measures do you have?
- What contractual risk transfer procedures need to be in place?
- Have you protected the company from liability to other parties where they should have done?
- What insurance do you have in place currently and who is this with?
- What measures do you take to reduce the risk you are looking to insure?

The specific questions might change depending on the assets and services shared, but the above is a good place to start to get conversations with a Lloyd's underwriter going.

What sets Lloyd's apart

Lloyd's is the world's leading insurance and reinsurance marketplace. Through the collective intelligence and risk-sharing expertise of the market's underwriters and brokers, Lloyd's helps to create a braver world.

Unrivalled choice

More than 10 syndicates offer sharing economy insurance (as of 2019).

See the full list and contacts www.lloyds.com/about-lloyds/what-lloyds-insures/the-sharing-economy/coverage

Designed for you

Every sharing economy company is different, yet Lloyd's unique market structure means we can meet everyone's specific insurance needs.

Trust and security

The Lloyd's market is regulated by the PRA and FCA. It has high financial ratings and has an excellent track record in paying claims.

Lloyd's strength in financial ratings

Standard & Poor's

A+

Fitch Ratings

AA-

A.M. Best

A

To reduce risk and build trust, sharing economy platforms need insurance solutions for their unique, rapidly changing business models. It can be difficult for traditional insurance coverages to be applied to the sharing economy because in many cases asset users are not their owners.

In response, Lloyd's brokers and underwriters have partnered with sharing economy companies to address these challenges with bespoke insurance products. These solutions are tailored to address your specific needs and help enable future growth of your platform.

Find out more at lloyds.com/sharingeconomy