Workers' Comp

The Gig Economy and Workers' Compensation [Podcast]

Event Details

Start: May 6, 2020 @ 8:00PM EDT End: @ Location: Online Event

We sat down with Ira Goldstein, Executive Director of The Black Car Fund to learn more about their work insuring working drivers in New York, the changing nature of work and the impact of the growing "gig economy". Listen to the podcast to learn more.

Summary

The Black Car Fund was founded in New York in 1999 and began covering workers' compensation for professional drivers in the state in 2000. Drivers included in the Fund range from independent to black car to limo drivers. Ride prices in New York include a 2.5% surcharge, which then is used to provide workers' compensation benefits to drivers. Because the Black Car Fund has been insuring drivers for twenty years, they have seen how the gig economy has developed and changed over the years. One major issue that Goldstein addresses is the fact that drivers in the gig economy can drive for multiple different companies in one day. Therefore, the benefits that the Black Car Fund provide are portable, meaning that drivers are covered no matter how many different companies they work for. This allows drivers flexibility in earning a living, while getting the coverage they need.

Challenges and Risks Insuring the Gig Economy

The gig economy has expanded rapidly in the past few years, bringing with it more challenges and risks. Goldstein points out three major areas:

- With the rise of Uber, Lyft and other ride-share companies, there has been an increase of inexperienced drivers. This drives up the frequency of claims but lowers the severity, as many of these drivers are doing short, point-to-point trips.
- There is a higher rate of turnover with ride-share drivers. Goldstein points out that this is less common in New York City than in other cities due to certain regulations, but still provides difficulties in insuring.

- Educating drivers on their access to benefits (and the fact that they are even entitled to benefits) is one of the biggest challenges for the Black Car Fund. Consequently, the Fund works on outreach from various angles.

Communication and Education

The Black Car Fund takes several approaches to educating professional drivers of their workers' compensation benefits, from hard copy ads in driver publications, to emails and social media, events and classes. The classes are a particularly successful part of the Black Car Fund's strategy. The Fund provides courses ranging from state-required driving courses to wellness classes, CPR training and ESL classes. These all provide drivers a way to improve their business and well-being. The Black Car Fund has also expanded benefits to include a death benefit for beneficiaries, a vision plan and free exams, a telemedicine program and counseling, among other services.

Pharmacy Benefit Cards

Because drivers don't have the typical employer-employee relationship that many workers have, the Black Car Fund had to find creative ways to provide their 125,000+ drivers with pharmacy cards and access to their benefits. Goldstein says they use a mix of traditional card mailing and an app to allow drivers to access their pharmacy benefits and notify the Fund that they were in an accident.

Predictions

As the gig economy continues to grow and other states grapple with insuring these workers, Goldstein predicts that a "third way" will emerge for workers' compensation insurance. Something between a traditional employer-employee-based model and the current gig economy model will arise, wherein the worker will be responsible for some benefits and the employer will be responsible for the rest. The future of the gig economy is sure to be fascinating and will continue to provide new opportunities for workers and insurers alike. Visit The Black Car Fund to learn more.



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