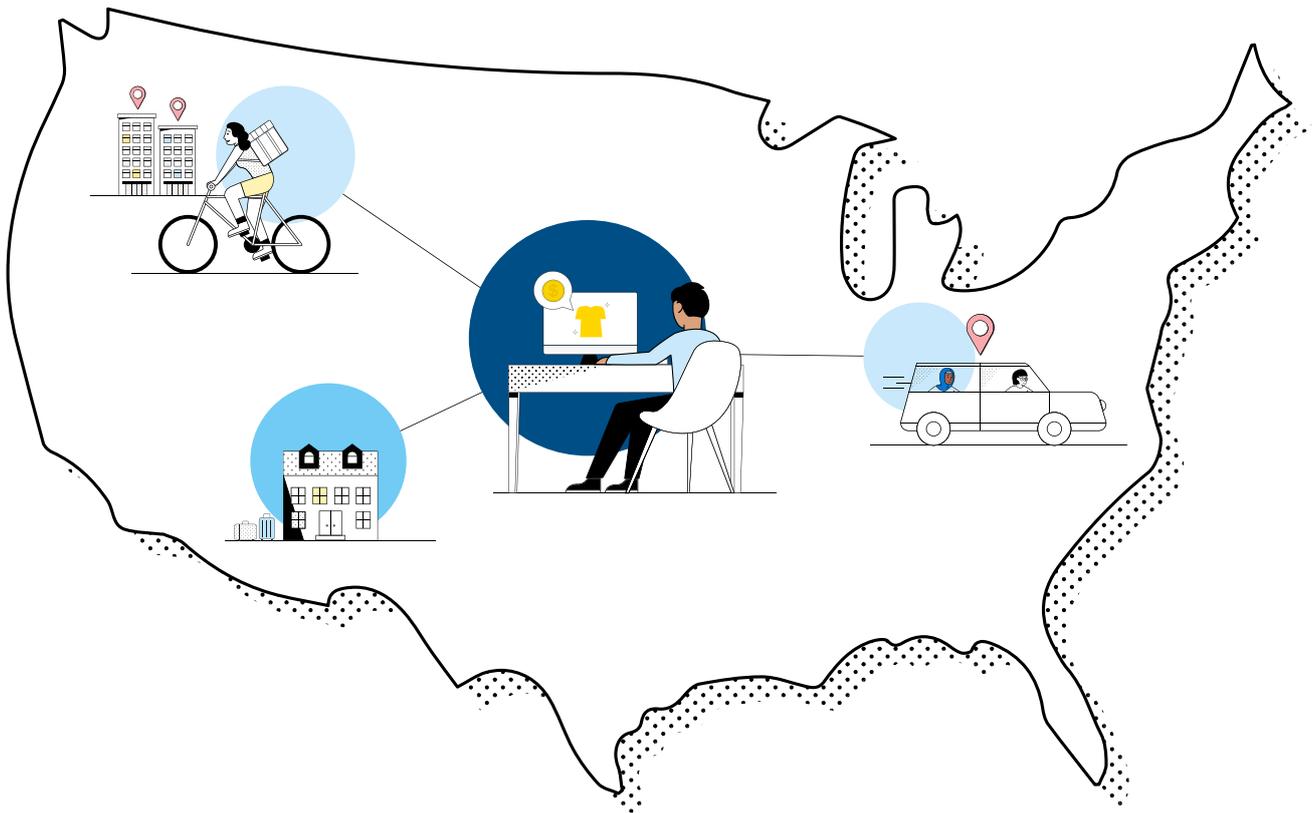
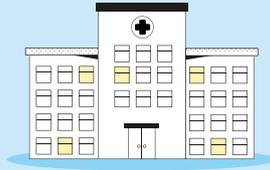


Legal & General U.S. Gig Economy study

Gig Workers aren't meeting their health, life insurance needs

U.S. Gig Economy study: Part 4





23% of gig workers have no health insurance

48% of those surveyed noted that gig work had negatively affected their ability to access health insurance



69% of parents surveyed have health insurance, meaning **31%** are uninsured



42% said access to healthcare, life insurance, and a pension would be the most influential ways to lure them out of gig work back to traditional employment

Research sheds light on lack of health insurance among Gig Workers

Our research on the U.S. gig economy has been exploring several ways that rising self-employment has been changing the nature of work in America, as this form of work becomes normalized. In previous reports, we established in [Part 1](#) that gig work is both here to stay and poised to expand considerably in the next several years. [Part 2](#) gave a view into the broad spectrum of industries and surprising range of compensation represented across the gig economy. We also dispelled myths about gig workers being pushed into this form of employment out of necessity, in [Part 3](#)—we reported that an overwhelming majority of those surveyed, 82 percent, made the conscious decision to engage in gig work, versus the 13 percent who defaulted into it as a result of being unable to find a traditional job. We delved into their identities and aspirations, revealing that their motivations to enter the gig economy were as diverse as they were. Those surveyed came from every income bracket, ethnicity, age group, and location across the U.S. These workers were driven by both financial and lifestyle incentives—molding their work life to fit their life outside of work.

Aiming for a full view of the gig economy, we want to shed light not only on the model's advantages, but also on its more intransigent challenges. Skeptics of the gig economy have often pointed to gig workers' lack of health coverage as a condemnation of this growing trend. For the most part, their criticism has been validated—as noted in our previous report, 62 percent of gig workers resent having to pay for their

own health insurance. While the pros of gig work might outweigh the cons for many, it is our hope that the future generation of gig workers doesn't have to make these trade-offs—that they will be able to enjoy the flexibility of setting their own rates and schedules while having access to affordable and high-quality medical care, credit, and pension plans. This study aims to examine some of the weaknesses of the gig economy, not to invalidate this model of employment as a whole, but to provide a roadmap for how gig work can grow sustainably—remediating its issues to provide satisfaction for workers, employers, and consumers alike.

When it comes to healthcare, do Gig Workers have it better or worse than the average American?



No benefits - for the first 7 years I couldn't even get health insurance."

Being uninsured means forgoing filling a prescription, skipping a recommended medical test, treatment or follow-up, and neglecting pain or discomfort because of cost—any of which can snowball a minor health issue into a more serious ailment. Our research revealed that nearly one in four gig workers (23 percent) are uninsured. Even more concerning, only 69 percent of parents surveyed had health insurance, meaning nearly 1 in 3 parents were uninsured.

Whether the lack of health insurance was due to demographic differences or a result of other factors unique to gig work that limit access to health insurance is inconclusive. But going by the subjective experiences of gig workers, our research points to a simple lack of accessibility—48 percent of the gig workers we whom we spoke noted that gig work has negatively affected their ability to access health insurance. While this is only representative of our sample, this data point raises a concern: that some jobs and projects, including gig work platforms, employ people as ‘independent contractors’—appearing to celebrate their workers’ freedom, yet using this term to connote that healthcare and other benefits will be not be extended to all their workers. One respondent told us:



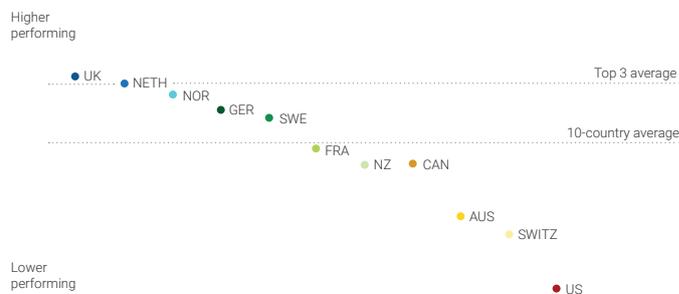
The worst thing? Lower pay and no benefits.”

Lack of health insurance among gig workers is part of a larger issue in the U.S.—being the global leader in healthcare spending per person, yet ranked last in healthcare system performance when compared to other industrialized nations, according to a recent Commonwealth Fund [study](#). For a country with state-of-the-art medical research facilities, innovation and talent, access to healthcare on an individual level in America is, at best, a tale of two cities. For those with good insurance policies, whether through their job or simply because they can afford it, great care is available and is often world class; for those who are uninsured or underinsured, the situation is far less rosy. While the bureaucracy and inefficiency in this latter system isn’t unique to the U.S., it definitely takes its toll on a unique level in this richest of nations.

In terms of population health, this same Commonwealth Fund study finds that the United States has the worst health outcomes, access to care, and health equity and nearly every other marker when compared with 10 other high-GDP nations. Examining access to and affordability of medical care, the results were equally poor, with the U.S. ranking last on every indicator used to evaluate whether access to care was affordable (see figure 1). Employers of full-time, year-round workers are cutting back on the amount they kick in for health coverage, according to a U.S. Census Bureau [report](#). Insurance companies are [raising premiums](#) while rolling back some coverage levels, and state-funded insurance plans are difficult to navigate and remain

financially burdensome to the most marginalized communities, who certainly number among the gig working population. There is stress and disillusionment with the healthcare system, with many hard-working Americans one accident or positive test away from being plunged into debilitating debt.

Figure 1: Healthcare affordability among 11 high-income countries



Source: [Mirror, August 2021](#)

Do gig workers have it better or worse than the average American? Currently, the uninsured rate is between 8 and 9 percent, depending on the source. This figure, the lowest since 2016, is a result of the U.S. Administration’s focus on insuring individuals below or modestly above the national poverty rate. The discrepancy between the number of Americans insured (91 to 92 percent), and the proportion of gig workers insured (77 percent)—hints at an insecure and underrepresented independent middle class. Our study found that gig workers are stressed and frustrated by the lack of a safety net. As one respondent summed up this sentiment:



No vacation or sick pay, no holiday pay, no medical. I use my own vehicle and put 60,000 miles on my car every year.”

Life insurance and other financial safety nets also fall short

Gig workers’ shortfalls aren’t isolated to health insurance—this is just one of several key social and financial safety nets that gig workers have difficulty accessing. In our study, only four in 10 of those surveyed have life insurance, even if they had a child or partner. This figure drops to 33 percent when only accounting for those employed in the western U.S.—meaning that two-thirds of gig workers in these states can’t afford to carry life insurance.

Concerns about long-term financial stability was a common thread running through what we heard about access to financial products in general—33 percent said gig work negatively impacted their access to disability insurance, and 53 percent said the same about retirement savings. With 42 percent saying that access to healthcare, life insurance, and a pension would be the most influential factors in having them take up more traditional employment, here may be something for employers to pay attention to. As one survey respondent said:



I miss insurance and matching 401K contributions.”

It should be noted that in some areas of our study—for example, access to auto insurance, car payment loans, and renters or homeowners insurance—the proportion of gig workers who claimed their access was negatively affected by independent work was equal to the percentage of those who claimed their access was positively affected. Accessing credit cards was one of the only examples of gig work having a somewhat positive affect—17 percent of those surveyed said their access was positively affected, versus 14 percent who claimed the opposite. Apparently it’s easy for gig workers to get credit cards, though ironically this heightens their precarious financial situation rather than alleviating it.

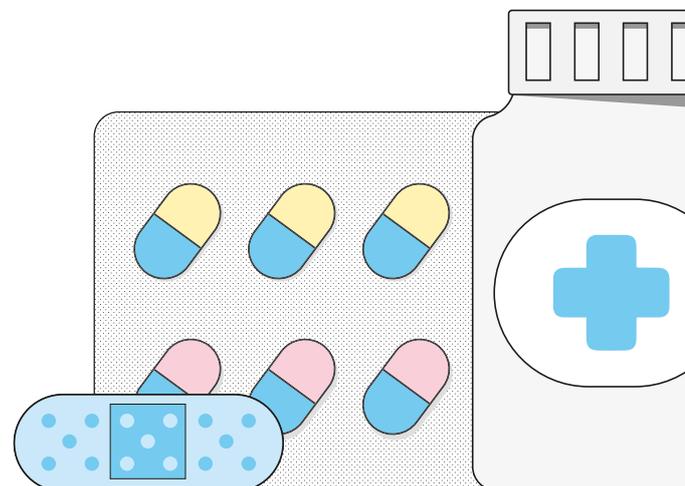
Pandemic worsens healthcare situation for many

The pandemic has only exacerbated gig workers’ precarious medical care situation. 45 percent of those surveyed claimed gig work negatively impacted their access to paid time off during Covid. Lack of sick leave creates a vicious cycle—gig workers must take unpaid time off when they’re sick, meaning they have even less financial wherewithal to aid or speed their recovery. Those who are uninsured have sometimes had no choice but to suffer serious cases of Covid alone, without prescription medications or consultations with medical professionals. And even for those who dodged the virus, the fear of falling off a financial cliff that was engendered by the pandemic is palpable. One gig worker told us:



There is no one to cover me if I were to get sick.”

The macroeconomic conditions created by the pandemic meant a falloff in demand for many gig workers. An independent contractor is directly affected by a loss of demand, as their income is directly dependent on performing the work they are paid to do. Covid illustrated this phenomenon—43 percent of the gig workers we heard from said that the pandemic had a negative impact on their earning potential. On the other hand, our study showed that 27 percent noted that the pandemic has had a positive impact on their earnings. For this sizable minority, the pandemic might be viewed as a positive disrupter—showing employers the advantage of a flexible, part-time, or as-needed workforce. Gig work was filling a gap in demand for workers.



The future of health and financial stability for gig workers

There is a growing sense of optimism among gig workers in regard to medical insurance, as U.S. lawmakers further recognize gig work as a legitimate mode of employment and are taking steps to shape healthcare policy to better serve gig workers. Since the American Rescue Plan (ARP) was passed in March of 2021, the average health insurance [premium](#) for rideshare and delivery workers has dropped by more than half, from \$171 to \$80. This subset of gig workers is also able to choose higher tier plans—60 percent are enrolling in Silver, Gold, or Platinum plans, up 33 percent since before ARP. Not only are gig workers in lower income brackets benefiting from more inclusive healthcare legislature, white collar freelancers are getting a pass, as well. Previously, once workers' incomes surpassed 400 percent of the federal poverty level, they "fell off the subsidy cliff," meaning they were no longer eligible for Premium Tax Credits (PTCs). [Now](#), under the ARP, no one will have to pay more than 8.5 percent of their annual earnings for health insurance, no matter their income.

We've seen a significant cultural shift has occurred in some prominent gig work platforms, wherein they're providing independent contractors with the best of both worlds—the stability that comes from traditional employment and the flexibility inherent to gig work. For example, Caviar, a food delivery service, has differentiated itself by offering occupational accident insurance.

Gig work's greatest strength has always been its adaptability—constantly evolving to fill new needs as they arise. In our next report, we'll take up the theme of gig workers' fierce independent mindedness, and some of the ways this plays out in the culture. We believe there's no reason this same can-do spirit can't be harnessed to remedy the shortcomings of this pattern of employment: the stress that comes from having insufficient social, health and/or financial safety nets. Independent contractors should have access to affordable, high quality medical coverage, life insurance, and retirement planning—allowing them to enjoy stability without sacrificing their freedom and flexibility. But we need a roadmap to get there.



Methodology

The data was collected via online survey fielded to individuals sample sourced from YouGov's US panel. The survey scripted and hosted on Gryphon, YouGov's proprietary survey scripting platform and the field work took place between August 19 and 31, 2022. 1,044 surveys of freelancers and self-employed workers between 18 and 60 years old, non-student/non retired drawing 60% or more of their income from gig work were completed. Key demographics such as age, gender and region were allowed to fall out naturally. 20 questions were designed to understand facts about earnings, drivers of and barriers to gig working, financial product ownership & financial capacity when coming across adverse situations, and future expectations of being involved in the gig economy. Verbatim comments were captured by Legal & General in research carried out in June 2022 among 100 U.S. respondents.

Study authors



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Sir Nigel Wilson was knighted in the Queen's New Year's Honours list 2022 and has served on the UK government's Levelling Up Council. He has been a member of the Prime Minister's Business Advisory Group for two Prime Ministers and has chaired and served on a variety of UK government commissions. He was appointed Group Chief Executive of Legal & General in 2012 and holds a PhD in Economics from Massachusetts Institute of Technology (MIT).



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