

Insurtech Zego scores mega-round for bringing usage-based insurance to gig workers

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The UK-based full-stack insurtech has raised \$150 million, reaching a \$1.1 billion valuation, [per TechCrunch](#). Zego provides usage-based auto insurance for vehicle fleets and gig economy

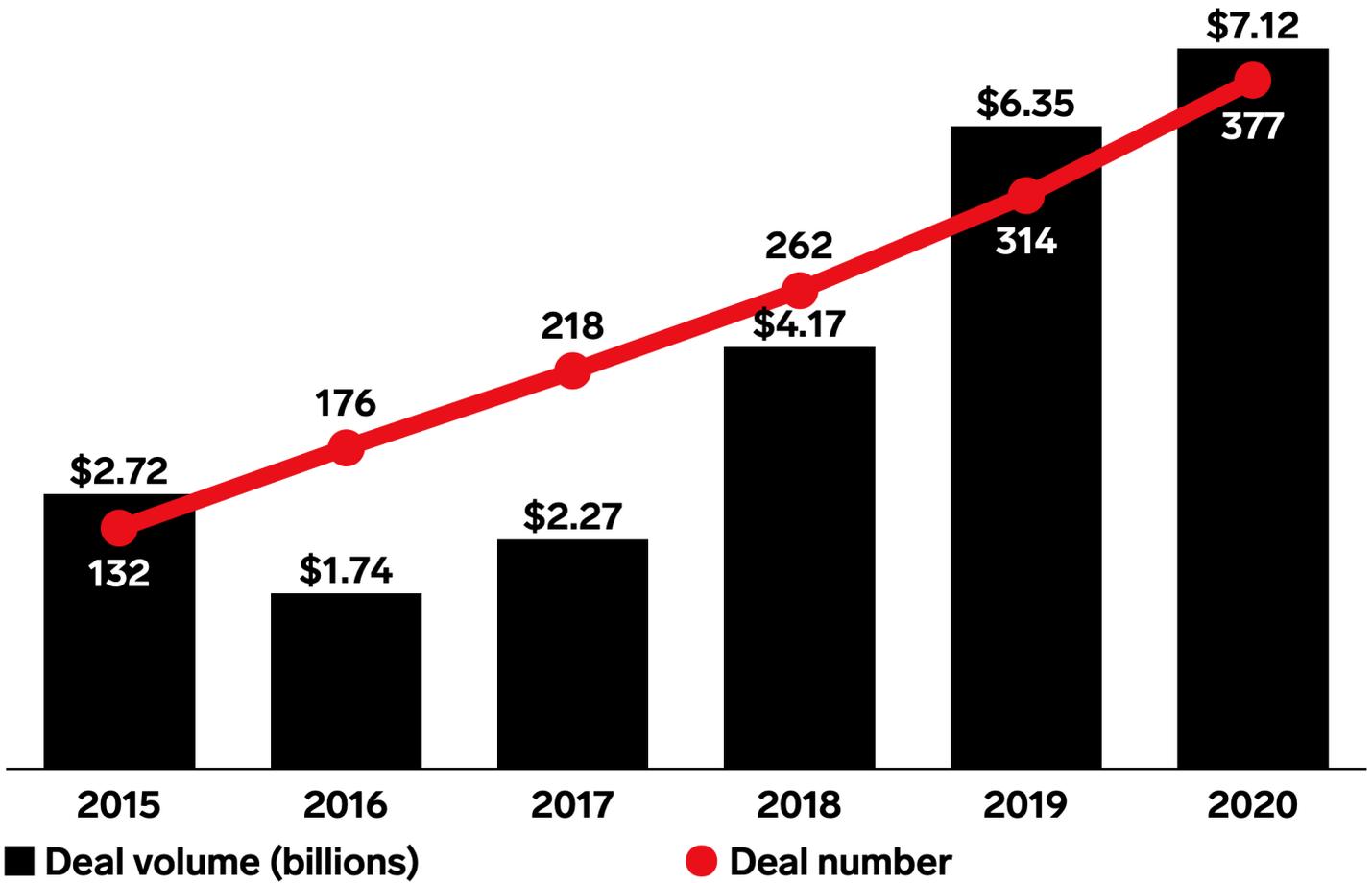
workers on platforms such as Uber and Deliveroo. It also has a B2B arm where it partners with companies directly, such as scooter rental startups, to offer insurance to end users. The insurtech will use the funding to continue expanding across Europe, grow its staff, and invest in its technology.

Zego's application of telematics technology to the booming gig economy secured its path to unicorn status.

- **The insurtech offers fairer pricing thanks to its [usage-based](#) model.** Zego uses telematics to collect driver behavior data, including hours driven, to complement traditional information, such as driving history and vehicle details. This enables Zego to more accurately assess potential policyholders' risk and price coverage accordingly. In addition, Zego acquired its long-term partner telematics company [Drivit](#) last December, moving the data collection solution in-house and allowing Zego to earn more on each policy sold. It also became the first UK insurtech to underwrite its own policies, [per](#) Business Insider.
- **And its flexible coverage has hit a note among gig economy workers shunned by traditional insurers.** Insurance can often be expensive and [inflexible](#), making it difficult to adapt to gig workers' irregular line of work. By contrast, Zego's coverage can easily be switched on and off for very short bursts, with policies ranging from [1 hour](#) to 1 year. Given that the gig economy was projected to grow to [\\$455 billion](#) by 2023 prior to the pandemic, up from \$204 billion in 2018, and the crisis has likely only [accelerated](#) its growth trajectory further, Zego's focus on the sector should yield strong customer growth.

Licensed in Europe, Zego can continue to expand across the continent despite Brexit barriers, broadening its addressable market. Zego [received](#) a broking license from Dutch regulator AFM last December, allowing it to continue partnering with European firms, including scooter startup [Dott](#) in France and e-hailing app [FREE NOW](#) in Ireland, just as UK licenses became invalid [post-Brexit](#) on January 1, 2021. Zego can now expand uninhibited across the EU, where [11%](#) of the workforce has done gig work and scooter [startups](#) are growing rapidly—creating further partnership opportunities.

Annual Global Insurtech Funding



Source: Willis Towers Watson, "Quarterly InsurTech Briefing Q4 2020," January 28, 2021
Methodology: This data is reported quarterly by Willis Towers Watson.

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