

What is Group Term Insurance?

A type of insurance coverage offered to a group of people. This coverage will provide a monetary benefit to the beneficiaries if the covered individual dies during the defined covered period.

As with other types of group benefits, group term life insurance is generally cheaper than comparable individual policy coverage. For this reason, group term life insurance is often a key component in employee benefit packages.

The premiums are based on the company's deaths experience, proposed sum assured, range of employees' ages and the occupation of the employees.

Why is Group Term Life Insurance Important?

Most of us do not use of insurance as a risk management tool. Insurance is still used to save taxes or make savings. Therefore most of us buy investment based plans, which have meager sum assureds. In case of untimely death of a person these policies are unable to provide a sufficient corpus, which can replace the income of the person.

A Group Term Life cover supplements the sum assured taken by an employee and provides financial relief to the family in case of the employee's untimely death.

Salient Features of the Policy

- ✓ One master policy issued covering all members of the group
- ✓ One year renewable plan
- ✓ Sum assured is payable on death (either due to natural causes or accidents)
- ✓ Addition and deletion of group members on pro-rata basis
- ✓ No health tests required for group members upto a defined sum assured limit which is called 'Free Cover Limit'. Health tests applicable to members who have sum assured above the Free Cover Limit.

FAQs

Can the member carry the policy on leaving the group?

No, all benefits under the plan are terminated when a member leaves the group.

Can the Sum Assured be changed mid term?

No, sum assured cannot be changed mid term unless the sum assured for the whole group or the particular hierarchy is being revised. Sum assured can also be changed if any person has been promoted during the policy duration and the new designation enjoys a higher sum assured.

Information Required By Insurers to Quote

Insurers require the following information for each member of the group:

1. Date of birth
2. Date of Joining
3. Designation
4. Proposed Sum Assured
5. Declaration of any deaths in the three previous years

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