

With group life insurance, a single contract covers an entire group of people. An employer that purchases a group plan for its members is able to get basic coverage for each member at a lower rate than each person would be able to secure on their own.

Most group life insurance policies are considered “term life insurance,” which means the insurance only covers individuals during a set term that is outlined in the policy. When the term expires, individuals can choose to renew their enrollment or end coverage while they are part of the organization. If an employee leaves the organization, their coverage is typically terminated.

Term life insurance is not the only type of policy available, but it is the most common option in group life insurance plans. Other life insurance plans include whole life, universal life, indexed universal life and variable universal life.