**Group insurance**

Is an insurance that covers a defined group of people, for example the members of a society or professional association, or the employees of a particular employer.

1. Group coverage can help reduce the problem of **adverse selection** by creating a pool of people eligible to purchase insurance who belong to the group for reasons other than the wish to buy insurance, which might be because they are a worse than average risk.

**Characteristics of group insurance**

a. Group insurance is typically offered as a piece of a larger employer or membership benefit package. By purchasing coverage through a provider on a 'wholesale' basis for its members, the coverage costs each individual member much less than if they had to purchase an individual policy.

b. People who elect coverage through the group policy receive a 'certificate of credible coverage' which will be necessary to provide to a subsequent insurance company in the event that the individual leaves the company or organization and terminates their coverage."

c. Each eligible member decides whether or not to be included in the Group Insurance, irrespective of who pays the premium

**Insurable Interest**

a. There must be a group of people to be insured who have something in common other than the purpose of obtaining insurance

b. To save administrative costs, there is often a **Master Policy Holder** who will retain the documentation on behalf of the members, and may deal with the members on behalf of the insurer

c. Such covers are typically available at a discount to the respective individual rates, as administration and expected claims costs are lower.

**Common feature**

a. A feature which is sometimes common in group insurance is that the premium cost on an individual basis is not individually risk-based. Instead it is the same amount for all the insured persons in the group. Often all members of a group
regardless of their age or other factors, even though the total group premium will be calculated by reference to the actual (or estimated) age distribution etc. of the group.

b. In contrast, under private individual health or life insurance coverage, different insured persons will pay different premium amounts for the same coverage based on their age, location, pre-existing conditions, etc. Health or life insurance coverage pay the same premium amount for the same coverage

**Group Health Insurance in India**

a. India provides healthcare coverage to a group of people uniform in nature, offering the same benefits to all members of the group as a welfare program.

b. Group Insurance covers may be either compulsory – in which case no member can opt out of the insurance – or voluntary, where each eligible member may decide within a given time limit whether or not to be included in the Group Insurance. This is irrespective of who pays the premium

**'Certificate of credible coverage'**

**Master Policy**

a. Ensures each member gets their certificate of coverage stating the details of the premium paid, cover available, term of the cover and the claims process

b. The Master Policy Holder also ensures each member gets their certificate of coverage stating the details of the premium paid, cover available, term of the cover and the claims process

c. A feature which is sometimes common in group insurance is that the premium cost on an individual basis is not individually risk-based. Instead it is the same amount for all the insured persons in the group.

d. All employees of an employer receiving health or life insurance coverage pay the same premium amount for the same coverage regardless of their age or other factors, even though the total group premium will be calculated by reference to the actual (or estimated) age distribution etc. of the group.
e. In contrast, under private individual health coverage, different insured persons will pay different premium amounts for the same coverage based on their age, location, pre-existing conditions, etc.