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Group Insurance Will Look After Me, Won't It?

Sally has been working for the same company for over twenty years. About a year ago, she was given a new group benefits booklet because her employer had switched insurance companies. Like most people, she put it aside and intended to read it when she "had the time." Sally was just diagnosed with terminal cancer and made the time to read her group booklet. She was upset to learn that the life insurance coverage with the new insurer was only one times annual earnings. The previous coverage had been two and a half times annual earnings.

Peter had a serious lung infection and spent several weeks in hospital for treatment. He also stayed at home for over a month to recover from his illness. Peter was shocked when he tried to claim disability benefits from his group insurance plan. **His employer had been having money problems and had not paid the premiums on the group policy.** His claim was denied because the policy had lapsed.

Steve is about to retire and wants to continue his group coverage. He learned that there are no provisions for him to continue any coverage at all under the group plan. All he can do is convert the life insurance coverage to a personal plan. The new rates, however, are very high and Steve can only afford a small amount of life insurance.

Many people sail through life thinking that their group coverage at work will take care of their needs. Group benefit plans treat all employees the same, regardless of individual needs. Some coverage amounts may be determined by income, but a single worker with the same earnings will get the same benefits as a married employee with children.

A group employee insurance plan is a contract between an employer, union or association and an insurance company to provide protection for the employees or members. The only right an employee or member has under the plan is to name a beneficiary for certain insurance proceeds because they are not a party to the contract.

The group plan can be changed at any time. An employer may decide to switch insurance companies, reduce coverage or cancel it completely. The insurance company can change the policy on the renewal date, which can increase the premiums, reduce the coverage or refuse to renew altogether.

With the average age of the workforce at all-time high and increasing claims under most plans, premiums are steadily increasing. Employers are taking a closer look at employee benefits and making whatever changes they can to control costs, which too often comes as an **unpleasant surprise for employees.**

For Sally, Peter and Steve, it is too late to do much, if anything, about their situations. The answer is to view group insurance as a temporary job-associated perk and get personal life and disability insurance now. Once acquired, you will have policies that *you* control, policies *you* can convert, assign, change plan or amount, or even cancel, when and if *you* choose. We just cannot rely totally on our employer, the government or family and friends to look after us.

Want more control over your insurance plans? Call today!

Do you have questions about your financial strategies?

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