

Group Life Insurance in Canada: How It Works, Benefits & More

Group life insurance provides insurance coverage for the lives of individuals who are part of the same workplace or organization. This term life financial product is often offered at reduced rates or even free or as part of Canadian employee benefits.

This article covers everything you need to know about group life insurance in Canada, including how it works, its benefits, and a comparison to [personal life insurance](#).

Key Takeaways

- Group life insurance plans provide insurance coverage for individuals part of a specific group, which is often a workforce.
- Both employees and their dependents can be covered by group life insurance.
- Group life insurance plans typically end on your last day of employment.

What is Group Life Insurance?

Group life insurance is a term life financial product that's included in a group contract. Just like [individual life insurance](#), this insurance type protects individuals and families against financial burdens in the event of death.

The main difference, though, is that group life insurance is often cheaper and is only in effect for a set period of time.

Group life insurance has various types that differ in the number and extent of benefits included. Since it's typically offered by employers, they are the ones who also make the choice of what type you receive and how much you have to pay, if necessary.

Keep in mind that most group insurance contracts end on the last day of your employment if the insurance is part of your employee benefits. Hence, relying solely on a group life insurance plan is not recommended, as it won't be available once you change careers or retire.

Types of Group Life Insurance

Group life insurance is typically divided into four types. Two of these types offer protection only for the individual or employee who is part of the group, while the other two types protect their dependents.

Let's dive into the specifics of these insurance policies below.

Employee Basic Life

In the event that a group life insurance member passes away, the employee's basic life package will pay the dependents a pre-specified amount of money. How much the insurance payout would often depend on the employee's salary and is revised yearly based on how much you or your employer pays as premiums.

