

# INDUSTRIAL GROUP INSURANCE

## INTRODUCTION

### WHAT GROUP INSURANCE IS

**G**ROUP insurance may be divided into two general types, according to the hazards which are covered. On the one hand, there is group life insurance, which usually includes, in addition, coverage for permanent total disability, and on the other hand, there is group sickness and accident insurance. Some transportation and gas and electric companies were found to offer coverage for accidental death and dismemberment, but this form of insurance is usually carried with death hazards, with which it has been combined in this investigation.

When insurance companies first underwrote these policies, there was no agreement among themselves as to what specifically was group insurance. Because of questions which arose as to how a group was properly constituted and in order to regulate this new form of insurance which was growing rapidly, the National Convention of Insurance Commissioners in 1918 adopted a definition of group insurance which has been accepted as authoritative by insurance companies and has been incorporated in the laws of several states. In essence, this provides that life insurance may be taken on a body of fifty or more persons in the service of an employer with whom the policy contract is made. The employer may or may not require medical examination of all applicants. He may insure all of his employees or certain classes of employees, according to the conditions of their employment, and the amount of insurance in all instances is to be based on some plan which shall preclude individual selection. If the premiums are to be borne by the employer alone, all of the eligible workers in the specified class are to be insured. However, if the employer and employees are to share the premium costs cooperatively and if the privilege of insurance is offered