

Mortgage Insurance

“Would you also like to take the Mortgage insurance?”

All of us who have completed a mortgage application with a bank have been asked that question. But how many of you have asked what the coverage entails or explored all the options available?

The first thing that you need to understand is exactly what you are purchasing. In essence, mortgage insurance is life insurance. But, there are some very important differences between what is offered by the bank and traditional life insurance. There are certain guarantees built into traditional life insurance that are absent in mortgage insurance. The most important two are the guaranteed renewal and conversion.

Many people feel they have to take the mortgage insurance which the bank sells. This is not true and can lead to unwelcome surprises. Know your options.

	BANK	INDIVIDUAL POLICY
Who is the Beneficiary?	The Bank.	You decide.
Who controls the plan?	The underwriter. Since this is basically group insurance, the rates can be changed or the plan cancelled at any time.	You do.
Can rates change?	Yes. The underwriter decides.	No, premium is guaranteed.
What about a medical?	You have to re-qualify at each renewal. You may be refused at any time.	Once you qualify, you never have to re-qualify.
Can I transfer it from house to house?	No. You must re-qualify with new rates and possibly another medical.	Yes.
Can I change it to permanent insurance?	No.	Yes, no questions asked.
What about price?	Increases as mortgage decreases.	Low cost can be tailored to any situation.
Best quality of each?	Applied for at same time as mortgage.	High Flexibility.

Insurance Planning That Never Rests