

We represent Canadas leading insurance companies



“Planning Your Wealth & Securing Your Future”

Plan Your Future

79 Wilson Street

Oakville, Ontario L6K 3G4

(905) 338-7689

brian@planyourfuture.me



Why Insure Your Mortgage with a Personal Life Insurance Policy?

Mortgage Insurance bought through bank

Personal Policy

Do I own the Policy?

X Because mortgage life insurance is a type of group insurance, it is owned by the lender - who has the ability to cancel the group policy at any time.

✓ A personal life insurance policy is owned only by you. Accordingly, you are the only person with the power to cancel or make changes to the policy.

Can I choose the Policy's beneficiary?

X The mortgage lender or financial institution is the sole beneficiary of mortgage life insurance, as well as the owner. The lender will use the death benefit proceeds to pay down the remainder of the mortgage.

✓ You decide who the beneficiary will be. In the event of death, your beneficiary can choose to spend the benefit however he or she sees fit. They do not have to put the proceeds toward paying down the remainder of the mortgage (but can do so if they like).

Will the Death Benefit remain consistent?

X As the amount of your mortgage decreases, your coverage drops as well. However, you have to keep paying the same premium, meaning that over time you get progressively less value for your money. With mortgage life insurance, the death benefit pays only the balance of the mortgage in the event of death.

✓ With a Personal Life Insurance plan, the amount of the death benefit does remain consistent. So long as you're paying your premiums, the death benefit will always be equal to the face value of the insurance you purchased. If you purchased \$150,000 in insurance, the death benefit will be \$150,000.

If both my spouse and I are involved in a common disaster, will the death benefit be paid for both spouses?

Should both spouses pass away, the bank or lender will use the death benefit only to pay down the remainder of the mortgage. Essentially, the death benefit is paid to the lender and the policy owner's family does not receive anything beyond the knowledge that the mortgage is paid off.

✓ The insurance company will pay the death benefit, for both of the lives insured, to the specified beneficiary. As an example, if both a husband and wife are each insured for \$125,000, the total benefit paid would be \$250,000. Beneficiaries can use this payment as they see fit.

I'm in good health. Can I get a better rate?

X Mortgage Life Insurance premiums do not take health into account.

✓ Many companies will offer a preferred rate to you if you are in good health. Homeowners who are healthy and who have a good family medical history can qualify for significant premium discounts.



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Is my coverage Portable?

X If you have Mortgage Life Insurance and you switch lending institutions, you must reapply for coverage.

✓ With a personal life insurance policy, you always own your coverage and it will stay with you. Note that you might need to reapply if you decide after purchasing the policy to increase your coverage.

Is my Policy Underwritten when I apply for it?

X In the case of bank mortgage insurance, underwriting is done at the time of death. In some cases, mortgage insurance is offered with minimal background checks. This can result in major problems if the bank's insurer decides to dispute the claim.

✓ Personal Life insurance policies are underwritten at the time of application. If approved, you can be confident that the insurance company will pay the claim. Note that there is an option for the company to contest a claim, during the first two years after application, in the case of non-disclosure or fraud.

Can I convert the insurance plan?

X

✓ Most term policies allow you to convert them to permanent products at any time, without the need for a medical exam.

Can I Continue the coverage after paying off my mortgage?

X Your mortgage insurance expires once the mortgage is paid off.

✓ Upon paying your mortgage, you can choose to continue, convert or cancel your insurance coverage.

Do I have any other options or policy riders?

X In most cases, no options or riders are available.

✓ You can customize your policy with options and riders such as Waiver of Premium, Accidental Death, and Children's Insurance.

Is there any guarantee

X Not guaranteed. Mortgage insurance is not underwritten until a claim is made, so they don't decide whether to cover you until you're already dead!

✓ There is guarantee upon making sure the personal policy is valid

What choices do I have?

X Limited choice - limited plans and benefits with no conversion options

✓ Many choices available including plans and benefits with conversion options.



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Are they licensed?

X Bank mortgage advisors are NOT licensed insurance professionals

✓ Personal life insurance policy makers are licensed insurance professionals.

Conclusion

A Personal Life Insurance policy to cover your mortgage is almost certainly the best choice for you! To get started on this superior alternative to Mortgage Life Insurance, contact me today.

Often cost is half and coverage is double!!



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