



MORTGAGE INSURANCE

Are you paying too much?

You may have taken out the insurance that your bank or credit union offered you when you applied for a mortgage. If you did, that was good thinking. What you owe on your home is probably the single biggest debt you'll ever incur, so it makes sense to have it fully insured.

But, like many other people, you may not have known that you can obtain better coverage at a lower rate by buying your own individual insurance policy.

Generally speaking, the insurance offered by the bank is a "one size fits all" product. Individual insurance, on the other hand, is based on *your own medical condition*. If you're in good health, why would you want to pay the same rate as someone who smokes a pack a day?

Here are some other things to consider:

Bank Insurance:

- Should you change banks when your mortgage renews, you may lose your bank insurance coverage and have to reapply at your new lender.
- Bank insurance is called "declining term". What this means is that the insurance coverage only applies to what's owed on the mortgage. As your mortgage declines, so too does your coverage, but you're still paying the same premium. Effectively, your insurance coverage is getting more and more expensive.
- The financial institution is named as beneficiary on insurance from the bank. You pay the premiums, but they'll get the money should something happen to you.

Individual Insurance:

- With an individual policy, *you're free to shop the market* for the best rate at renewal – you can take your insurance coverage with you without ever having to submit new medical information.
- The face or payout amount stays the same regardless of what your mortgage balance declines to over time because the face amount is guaranteed, as is the premium.
- An individual policy allows you to *name your own beneficiary* – meaning your loved ones can decide when (or if) they want to pay off the mortgage or if they'd rather invest the proceeds instead.

If you're interested in getting a comparison quote or learning more about how an individual mortgage insurance policy could work for you, please don't hesitate to contact me right away.