

Before you say yes to mortgage insurance, consider a product designed to protect you and your loved ones – not your lender.

Most people don't know how an individual insurance policy compares with mortgage insurance offered through banks. Take a moment to consider the following:

Individual Insurance vs. Lenders Mortgage Insurance

	Individual Insurance Policy	Bank Distributed Plans
Type of Coverage	Level Coverage - only decreases if you say so	Decreasing
Amount of Coverage	Your choice (some minimums or maximums may apply – depending on insurance company)	Coverage matches mortgage at issue, but decreases as debt is paid off, but premiums stay the same
Term	5, 10 or 20 year terms, guaranteed to age 80, with the option of converting to eligible permanent insurance	Insurance coverage cancels when the mortgage is paid up. May also be cancelled if mortgage is moved or re-written
Beneficiary	Anyone you choose	Your bank
How benefit is used	Your beneficiary decides how to use the funds, AND the insurance proceeds bypass probate, are payable as a tax-free benefit to your beneficiary and may be protected from creditors	Paid directly to the bank
How benefit is used	Your beneficiary decides how to use the funds, AND the insurance proceeds bypass probate, are payable as a tax-free benefit to your beneficiary and may be protected from creditors	Paid directly to the bank
Other uses for your policy	You can use the same policy to cover your general life insurance needs like paying off outstanding debts	You can only cover the mortgage
Premium payments	Payable monthly, quarterly or annually	Added to your mortgage payment
Premium discounts	Premium is affected by gender, age and smoking status	Premiums are usually the same for all clients of same age
Portability	Your insurance stays with you no matter where you live or where you get financing	Your insurance can be cancelled if you move or even if you refinance
PST	None	Payable in Ontario and Quebec
Professional advice	Personalized service from a licensed life insurance advisor to address your financial security needs	Typical advice is limited to the mortgage insurance product only

