



# INSURANCE SUPERMARKET INC.

## *MORTGAGE INSURANCE COMPARISON*

*When purchasing mortgage insurance, should you purchase it through the lending institution arranging the mortgage?*

**OR**

*Should you purchase a separate policy from a life insurance company?*

**Consider the following chart:**

<i>Bank, Trust Co. or Credit Union</i>	<i>Life Insurance Individual Plan</i>
- Policy is a group policy, client has no control	-Client enjoys complete control
-Policy is owned by the lending institution	-Policy is owned by client
-Coverage equals outstanding mortgage amount	-Coverage need not decline in dollar amount
-Policy can be cancelled by lending institution and their group underwriter	-Policy can only be cancelled by the client
-Benefit is payable only to lending institution	-Benefit is payable to the beneficiary
-Policy is non-transferrable to other institution	- Policy is fully transferable and flexible
-Policy is not convertible to other insurance	-Policy is fully convertible
-No additional values or benefits	-Various options available to the client
-Premiums are not guaranteed	-Premiums are fully guaranteed
-P.S.T. (provincial sales tax) is payable on Premiums	-No P.S.T. payable on Premiums

Individual policies give ownership of the insurance coverage **to the Client**. The Client controls and designates beneficiaries, **allowing beneficiaries to use the proceeds in the most practical way at the time of need**. The cost is **fully guaranteed** and the rates are **very competitive**. In fact, the “bank” plan level mortgage insurance rates actually translate into higher costs since the amount of insurance coverage decreases as the amount owing on the mortgage decreases through mortgage payments.

Statistics indicate an average Canadian family will move about once every five years. While a “bank” plan terminates on the sale of the house – making necessary application and approval on any new mortgage – a Life Insurance Individual Plan is fully transferable. Likewise, if the client chooses to refinance his/her mortgage with a different lending institution, the existing “bank” mortgage insurance terminates again necessitating application and approval of new mortgage insurance. Moreover, the client should be cautioned. **No guarantee exists that he/she will qualify for new coverage 5, 10 or more years in the future.**

As well, a Life Insurance Individual Term Plan can be converted into another type of plan to support future financial and estate planning strategies. The client makes the choice.

*Still think your bank mortgage insurance is a good deal?*