MORTGAGE INSURANCE

Protecting Your Most Valuable Asset

The majority of Canadians who buy a home or renew their mortgage, purchase mortgage insurance from their lender. Is this option really the best way to ensure continuity for your loved ones in the event of an income earner's illness or death?

Many Canadians are choosing to purchase individually owned life insurance and critical illness insurance which is flexible and gives the family more financial control, because the benefit is not restricted to simply paying off the mortgage.

LIFE INSURANCE

When you purchase an individual life insurance policy, your family can continue to live in your home while paying off the balance of your mortgage with the proceeds paid out in the event of your death.

A Term 10 or Term 20 insurance policy gives you financial security at an affordable price. The monthly payments are guaranteed, as are the renewal rates. As your needs evolve, you can convert your term insurance policy to a permanent insurance plan at any time before age 65.

If you opt for a permanent insurance policy, you may accumulate money in the policy. Many people decide to dump extra money into their mortgage to shorten the payment period. Another option is to use that money to purchase a permanent life insurance policy. If an income earner dies, the benefit may be used to pay off the mortgage or other, more pressing expenses. If you remain healthy you could choose to pay off your mortgage years ahead of schedule by utilizing the cash value accumulated in the policy.

CRITICAL ILLNESS INSURANCE

An individual critical illness insurance plan will give you peace of mind should you develop a covered illness that could jeopardize your health, and your ability to pay your mortgage.

In addition to helping you pay your mortgage balance, the lump sum paid on a claim can be used to pay for medical care not covered by the public health care system or for any other expenses.

If you do not develop any illnesses during the time of your coverage, all of the premiums you paid (up to the sum insured) will be returned to your beneficiaries upon your death. Should you decide you no longer require the coverage, under the return of premium option, all or a portion of your premiums could be returned to you. The premiums returned can be used to pay off the mortgage ahead of schedule.

Desjardins Financial Security® Investments Inc.

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12 REASONS TO CHOOSE INDIVIDUALLY OWNED MORTGAGE INSURANCE	12 REASONS TO AVOID MORTGAGE INSURANCE FROM YOUR LENDER
Designed to protect you and your family.	Designed to Protect the Lender
You control and own your policy.	The policy is controlled by the lender, who is also its owner and beneficiary.
You are the only one who can cancel your policy.	The lender's insurer can cancel the group policy, which provides your coverage.
Your premiums are guaranteed at issue for the duration of coverage.	Your premiums can increase depending on the claim rate of the group covered under your group insurance.
You can choose the amount of coverage you want and the maximum sum insured is much higher than with lending institutions.	The amount of coverage is equivalent to the amount of your mortgage balance.
The life insurance death benefit and critical illness lump sum do not decrease unless you request it, in which case the premiums are adjusted accordingly.	As your mortgage balance decreases your life and critical illness insurance decreases, but the premiums remain level.
You name your beneficiary or beneficiaries.	The lending institution names itself as the beneficiary.
You can keep your coverage even after your mortgage is paid.	Coverage ends as soon as the final mortgage payment is made.
Your only obligation is to pay the premiums. In the case of some permanent life insurance you may even take a premium holiday if you accumulate sufficient funds.	Any default on the payment of your mortgage is also considered a default on the payment of your mortgage insurance premiums. With most lending institutions, should this default continue for 90 days, you could lose your insurance protection.
You may choose a return of premium option with critical illness coverage and the possibility of accumulating cash in many permanent insurance plans.	Lending institutions do not offer a return of premium on their critical illness coverage, nor the possibility of accumulating a cash value on their life coverage.
Critical Illness Protection covers a variety of illnesses	Critical Illness protection offered by lending institutions covers only a few basic illnesses.
Individually owned coverage is portable. When you renegotiate your mortgage, you will not have to reapply.	If, for any reason, you switch lending institutions, you will have to reapply for coverage. Your health situation may have changed and your application may be denied.