



Mortgage Life Insurance.....

Should I purchase my mortgage insurance coverage at the bank?

Watch CBC Marketplace - "In Denial" - This segment from CBC Marketplace on February 6, 2008 provides you with concise information about bank mortgage insurance and the reasons for consumers to purchase their insurance through a licensed broker.

Click below for the video:

http://www.cbc.ca/mrl3/8752/marketplace/in_denial.wmv

When most Canadians are signing the paperwork for their mortgage, part of the process is for your banker to ask you to consider using the bank's mortgage insurance to cover the balance of the mortgage in the event of death. So, for the *sake of convenience*, you sign the application to use the bank's insurance to fulfill this need.

It's simply smart business and economic sense to cover your debts with life insurance, but is using the bank's mortgage insurance the best way to do so?

The following table shows a cost comparison between 4 of Canada's largest bank's mortgage insurance plans versus owning a personal life insurance policy.

Male & Female - both age 37, non-smokers in good health

Mortgage amount - \$250,000

Life Insurance Coverage - \$250,000 on each person for a total of \$500,000 of level coverage

Bank Insurance Coverage - Decreasing term coverage which pays the balance only

	Monthly Premiums
Bank of Montreal	\$75.00 + PST
RBC Royal Bank	\$72.50 + PST
Scotiabank	\$80.00 + PST
TD-Canada Trust	\$80.00 + PST
Personal Life Insurance Policy*	\$49.57 - No PST

* 20-Year Level Term Insurance at Standard Health Rates with Manulife Financial as of January 14, 2008. Rates are subject to change without notice.
E. &O. E.



INSURANCE SERVICES INC.

In the following table, we'll show you the difference in features and benefits between using the bank's "*convenient*" mortgage insurance versus using a personal life insurance policy to cover your mortgage. Contact us to apply for your best solution for mortgage insurance.

	<u>Bank Mortgage Insurance</u>	<u>Personal Life Insurance to cover your mortgage</u>
Does the Death Benefit Remain Level?	NO As your mortgage decreases, so does your coverage. But your premium stays the same. So as your coverage decreases, your cost per \$1,000 of coverage increases The death benefit will pay only the balance of the mortgage upon death.	YES The death benefit of a personal plan remains level for as long as you own the plan unless you decide to decrease the coverage. The death benefit will be whatever the face amount of insurance that has been purchased.
Am I the Owner of the Policy?	NO The bank has total control over your coverage and can cancel it at any time	YES You own the coverage and are the only one who can cancel it. Any changes to the policy can only be made by you, the owner.
Can I choose the Beneficiary of the Policy?	NO You have NO choice as to who the beneficiary is when you purchase the bank's mortgage insurance.	YES You have the choice of whoever you want to name as beneficiary of your life policy. Upon death, your survivor may choose not to pay the mortgage off immediately as there may be more attractive investments other than paying off the mortgage.
Will the Death Benefit pay for both my spouse and me in the event of a common disaster?	NO In the event of a common disaster (ie. of a husband and wife are both killed in a car accident) the bank will pay the mortgage balance only.	YES When using personal insurance, the insurance company will pay a death benefit on both of the lives insured. For example, if a husband and wife are covered for \$150,000 each for their mortgage, the benefit would be \$300,000 versus whatever the balance is on the mortgage at the bank.

2600 Skymark Ave., #4-101, Mississauga, ON L4W 5B2
 Telephone: (905)890-5500 Fax: (905)890-8145
 E-mail: JoeAvila@rogers.com
www.favasinsurance.com



INSURANCE SERVICES INC.

Is the coverage Portable?	NO If you want to move your mortgage to another institution, you will have to reapply for mortgage insurance. This will then be purchased at your new attained age at a higher premium, assuming you are healthy enough to qualify for the coverage.	YES No matter where you have your mortgage, your coverage will stay with you. You do not need to worry about re-qualifying for coverage. You would only have to prove insurability if you needed to increase your coverage.
Is the Underwriting done at the time of application?	NO When using the bank's insurance, underwriting of the insured will be done at the time of death. In this way, more problems than not can arise as the bank's insurer will try to dispute the claim.	YES Using personal coverage, the underwriting is done at the time of application. So in the event of a death, the insurance will pay the claim. The company does have the option of contesting in the first two years after application in the event of fraud or non-disclosure. After two years, the claim will be paid promptly.
Are Preferred Rates available if I'm in excellent health?	NO	YES Many companies offer preferred rates if you are in excellent health which results in a lower premium compared to a standard rate.
Is the insurance plan Convertible?	NO	YES If you require, you can convert your policy to a permanent plan of insurance if the term policy has this feature (almost all do).
Is the premium exempt from Provincial Sales Tax?	NO PST is added to the premium as it is group insurance.	YES PST is NOT payable on personal coverage.
Can I Continue the coverage after the mortgage is paid?	NO The day your last mortgage payment is made, your mortgage insurance terminates. If you die the next day after paying your mortgage, no benefit is paid.	YES When your mortgage is paid, you have the option to continue the coverage, convert the coverage or cancel the coverage. The choice is totally yours.
Are there any other Options and Benefits available?	NO There is no option to add any additional benefits or riders	YES Various options and riders are available to add to your coverage such as Accidental Death, Child Term Rider, Disability Waiver, etc.
Premiums	Compare your current mortgage insurance premium with that of a personal insurance plan.	
Value	After reading this comparison, decide for yourself who you would rather have in control of your mortgage insurance coverage..... <i>the bank or YOU!</i>	