What the banks don’t want you to know about

Creditor Mortgage Life Insurance

Live *your* dream.

Did you know the following facts about mortgage and creditor insurance offered through banks and trust companies?

1. They are “age banded” and may increase your rates as you enter the higher age bands. The premium that the bank quotes you may be valid for only one year.
2. These insurance programs do not offer contractually guaranteed rates. The insurer may increase their rates at any time depending on the experience of the program; the insurance carriers expense factor, the market interest rates, etc.
3. The program can be cancelled with thirty days notice, potentially leaving you without mortgage life insurance coverage.
4. Coverage terminates if you move your mortgage to another lending institution due to more competitive rates. Once again, this may leave you without insurance coverage.
5. Creditor mortgage coverage does not leave you the option of taking the death benefit in a lump sum cash payment and continue paying the mortgage if due to high investment rates, it is more advantageous to invest the cash rather than pay off the mortgage.
6. It also does not allow you the option of retaining the insurance coverage past the point in time that the mortgage is paid off.
7. Unlike an individual TERM LIFE INSURANCE contract, creditor mortgage coverage is not a legal contract that can only be terminated by you.
8. If a spouse dies prematurely, the other spouse is automatically no longer insured.
9. When a mortgage is retired early through a bank or trust company, a penalty is assessed. This penalty generally equals approximately three months interest. This penalty cannot be insured as part of the “creditor mortgage” coverage offered by banks and trust companies. However, it can be insured as part of an individual term insurance policy.
10. Under creditor life coverage “impaired risks” are not offered coverage at a rated premium should a health condition be present. Generally, if any of the health questions are answered “yes” on the creditor’s application, coverage is automatically denied – no additional underwriting takes place! Individual policies offer further investigation into the history and current status of the health condition and, in most cases, can often offer coverage at a slightly higher than normal premium.

What you should do

Live *your* dream.

We recommend that you purchase Individual Term Life Coverage for your mortgage in the event of premature death.

The advantages to Individual Term Life are:

1. Premium remains consistent for the term of your policy.
2. Coverage will never decline even as you pay down your mortgage.
3. In the event of premature death, your beneficiaries can either pay off the mortgage right away or invest the money – it's their choice!
4. You can keep the coverage even after you pay off your mortgage.
5. Only you can cancel the policy – not the institution that holds your insurance.
6. The insurance company does a full underwriting before the policy is issued.
7. If policies are purchased on each person's life and one spouse dies prematurely, the other spouse is still insured.

Free Quotes

If you would like a free quote on Individual Term Life Coverage for your mortgage insurance, please call contact our office.

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