



Mortgage Insurance vs. Life Insurance

	Mortgage Insurance	Term Life Insurance
Ownership of the contract	Bank	You
Amount of insurance	Declines with your outstanding mortgage balance	Remains the same unless you change it
Cost of insurance	Remains the same even though your coverage decreases If you move houses or mortgage companies, your new cost of insurance will be based on your new age and therefore higher.	Remains the same for the length of time you choose. You can move houses, mortgage companies, or change your lifestyle.
Change in contract	Can change without your permission	Only you can make changes, as long as you maintain the premium payment
Who is paid on death	Bank. {Pays outstanding balance}	Your chosen beneficiary. {The full amount of the plan you chose}
When is underwriting done	In most cases, at time of claim. This means the insurance company may determine you are not eligible for a payout even though you have been paying premiums. For instance, a claim may be denied because an investigation of your medical records indicates you once had high blood pressure or high cholesterol.	When you apply for individual insurance through a licensed insurance broker your medical history will be examined before a policy is issued. The insurance broker will ask detailed questions and may arrange for a nurse to conduct a physical. Once a policy is issued, it is guaranteed.

Costs:

In most cases, Term Life is less expensive than Mortgage Insurance. (\$250,000 shown below)

For a couple aged	Monthly bank mortgage insurance premiums*	Monthly Term 10 Life Insurance Premiums	Monthly Term 20 Life Insurance Premiums
30	\$35.30	\$19.80	\$29
35	\$35.50	\$24.08	\$39
40	\$76.25	\$31.05	\$53
45	\$113.25	\$43.20	\$85
50	\$159.25	\$65.25	\$138

For more information check out this report by CBC MarketPlace

http://www.cbc.ca/marketplace/2008/02/06/mortgage_insurance_not_always/