



MORTGAGE PROTECTION INSURANCE

What is mortgage protection insurance?

Mortgage protection insurance is a type of life insurance that pays off the balance of your mortgage when you die. This type of policy pays the lender, not a beneficiary like normal life insurance policies.

Is mortgage protection insurance affordable?

These policies tend to have a higher premium than traditional term because they are usually guaranteed issue and you are not required to take a medical exam to qualify.

Pros of mortgage protection insurance

- **Convenience** - This type of policy lines up exactly with your mortgage balance and pays the lender directly.
- **No medical exam** - If you are denied for other life insurances for medical reasons, you may want to consider mortgage life insurance because these policies are typically guaranteed issue.

Cons of mortgage protection insurance

- **Lack of flexibility** - The payout from these policies goes directly to the lender to pay off the mortgage balance. This may not be the best financial move for your family since they have no say-so as to what the benefits can be used for.
- **Declining payout** - The premium payments remain the same but the payout amount decreases as you pay down your mortgage.
- **Higher premiums** - The premium for these policies is much higher than traditional term life insurance because they are typically guaranteed issue and require no medical exams.

Mortgage protection insurance vs. term life insurance

A term life insurance policy typically provides more bang for your buck. Term allows you to choose your coverage amount and policy length, and offers level premiums and death benefits. Plus, the payout can be used as the beneficiary sees fit.

Who can benefit from this policy?

Anyone that cannot qualify for other life insurance options due to medical reasons or someone strictly looking for a policy to just pay off the mortgage balance.