Mortgage Insurance vs. Term Life Insurance

Purchasing a new home can be both exciting and stressful. For many people, a mortgage is the largest investment they will make in their lifetime. But would your loved ones be able to cover mortgage payments if something unfortunate were to happen to you?

Consider the differences between a **Mortgage Insurance** bought through the bank versus a **Term Life Insurance** bought through an insurance company.

TERM LIFE INSURANCE	BANK/MORTGAGE INSURANCE
You purchase an individual policy	The coverage is under a group policy
You own the policy - you have complete control over it.	The bank owns the policy - you have no control over it.
You have a premium rate that is guaranteed in advance, the company cannot decide to change it.	The group policy premiums can be changed if the company decides to raise premiums for the group.
You may purchase any amount of coverage that will never decrease over the Term of the coverage	The coverage is for the outstanding amount of the debt. As your mortgage reduces, your insurance decreases.
The insurance company cannot cancel your insurance if premiums are paid, only you can	The policy can be cancelled by the bank or by the issuing company.
Your individual policy is fully portable. It is not connected to the mortgage and if you re-finance your mortgage with another bank, you do not need to re-qualify	The coverage will terminate if you re-finance your mortgage, or if you sell your house, or if you pay off your mortgage, or if the bank forecloses on your mortgage.
You can convert this policy, regardless of your health.	The group mortgage policy is not convertible.
You decide who your beneficiary is. Upon death, your beneficiary will receive the proceeds and your beneficiary decides how and where to use those funds. The proceeds of a life policy are protected from all creditors, including a bank.	The bank is your beneficiary and the death benefit is automatically used to pay off the mortgage, regardless of the wishes or circumstances of your dependents.
If you use level term, and insure both the husband and wife individually, then both policies pay benefits in the event of both deaths.	If you and your spouse are both insured on a bank mortgage policy, then only one payment is made in the event of both deaths.
You are buying the coverage from a licensed broker or agent who has been trained to understand your overall need for life insurance and how to integrate that with your total need.	You are buying insurance from a bank employee who is perhaps not licensed and who receives no training in determining your total need for life insurance

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