LIFE INSURANCE & MORTGAGE PROTECTION

Regardless of how careful you try to be, life is full of the unexpected. That is why mortgage protection and life insurance is all about the certainty of planning for the uncertain. It's not uncommon for life insurance to also be referred to as mortgage protection insurance, since most people equate buying life insurance with the need to pay off large debts. Both forms of insurance are created for the protection of your family and/or dependents and both provide peace of mind for you, knowing that their lifestyle can continue without additional difficulties. While the coverage is similar, there are some differences in the design of these life Insurance programs as well as how they should be used.

A GUIDE TO MORTGAGE PAYMENT PROTECTION INSURANCE

PROTECTING YOUR MORTGAGE AGAINST MISFORTUNE

Trinity 1 Financial Group

A GUIDE TO MORTGAGE PAYMENT PROTECTION INSURANCE

It has become commonplace for the average homeowner to be obsessed with the value of their property, but the habit often leads to a false sense of security. Unfortunately, continued ownership in most cases depends on the ability to carry on meeting monthly mortgage payments, which in turn depends

on being able to earn an income. So imagine suddenly being made redundant or being diagnosed with an illness likely to keep you off work for months.
Any savings you have lying around are unlikely to last long because, although it may be possible to cut back on non-essential items, the basic costs of living won't conveniently disappear. Robbing Peter to pay Paul by taking out further loans to repay existing ones can prove a slippery slope and in some cases may even lead to you having your home repossessed.

1. False Sense of Security

Ironically, at a time when high property values have created a feel-good factor, many new homeowners are more vulnerable to the possibility of losing their income than ever before. This is because they have committed virtually every last penny to finding a deposit and paying other costs like home improvements and cashing out the equity in the home for special projects or debt consolidations while rates are low.

This can be one of the most crucial time to be concerned about mortgage protection since there are many benefits that can be added to the plan to create a safety net for you and or your loved ones.

2. Mortgage Payment Protection Insurance Can Help

Mortgage Protection is a specialty type of life insurance usually offered to consumers who have recently purchased or refinanced a home mortgage, generally within the last 12-18 months. Various life events will typically create the necessity for this type of product and since a home is one of the largest investments most families will ever make, carriers have created forms of life insurance designed to cover those needs most relevant to homeownership. Please, do not confuse this with primary mortgage insurance (PMI) which is placed by a lender to protect them in the event that you default on your loan. This mortgage protection is much different and is for the benefit of you and your loved ones.

Nevertheless, if you work in the US it is possible to take out insurance against being unable to meet your mortgage obligations in the event of losing your income or death. Mortgage Payment Protection Insurance can be used to cover your mortgage expenses if you are unable to work due to illness, injury or involuntary unemployment or death. In such circumstances the policy will typically pay out your benefit and or premium for 12-24 months or in the case of death a lump sum tax free to your beneficiary.

PROTECT YOUR MORTGAGE PAYMENTS AT
www.TrinityMortgageProtection.com

3. Confusing Number of Descriptions

Mortgage Payment Protection Insurance is also often referred to as life accident, sickness and unemployment insurance or payment protection insurance but these titles can be confusing because they are also used to refer to similar coverage that may not be specifically attached to a mortgage.

4. How It Works

You choose the level of monthly cover you require. The policy can be used to cover both capital and interest repayments as well other mortgage-related expenses, such as premiums for household insurance. For this protection you will pay a monthly Mortgage Payment Protection Insurance premium based on the level of coverage you have selected. If you are unable to work as a result of illness, injury the policy will pay out the pre-agreed monthly amount for a maximum of 12-24 months.

5. Easy To Qualify

Mortgage Protection is a simplified issue life insurance policy in which insurance carriers offer an expedited underwriting process that does not require a medical exam and is considered non-medical life insurance. The death benefits are payable up to 125% of the mortgage balance or a maximum of $300,000. Typically, all that is required is a few medical history questions to qualify. For individuals with minor health issues or who use medications to control a condition such as high blood pressure or type one diabetes may in some instances require, a blood and vitals check in your own home by a registered nurse.

6. The Cost

Mortgage Protection is an easy and affordable solution for young, healthy families and those who have minor health issues that are managed by oral medication. Even casual tobacco users can benefit from such an option since

under most circumstances they could be charged more for fully underwritten products The better Mortgage Payment Protection Insurance policies offered by specialist intermediaries can cost less than $20.00 a month per $100 of monthly benefit covered, so for the average mortgage this is likely to amount to no more than the cost of a run-of-the-mill evening out each month

7. Features and Additional Protection Riders

Interestingly, these policies can offer many additional rider options, some of which are specific to the mortgage. One such option is a Mortgage Payment Rider, which will pay all, or part of your mortgage payment for up to 24 months after a 90 day waiting period if you are injured or seriously ill and unable to pay. The most popular rider is the Return of Premium Rider, which is a living benefit that repays you the entire total of premium you have paid over the term of the policy. Considering that most term policies run 15, 20, or 30 years like the mortgage, a return of $30,000 is not uncommon and is also an effective tool for paying off or down on the mortgage principal balance or to purchase an insurance product by paying in full.

8. Buying From the Right Source

Banks and Agencies may be limited as captive agents who are only able to market proprietary products. But be warned that many of them offer cover that is considerably more expensive and of significantly inferior quality to that offered by independent agents. Independent agents represent many companies and locate the best quote for you. Additionally you are under no obligation to buy your policy from your mortgage lender. It is important to realize that looking elsewhere cannot jeopardize your chances of being granted a mortgage. If you find that you are simply too busy during the house buying process to look elsewhere then make sure that you do so when things have quieted down.

9. The Claims Process

Details of the claims process will be outlined in your policy document. You will usually be required to complete a claim form and send it to your insurer. If you

have been made redundant you will need to enclose your redundancy notice in support of your claim. If you are ill or injured the insurer will establish the validity of your claim by writing to your Insurance provider. Additionally many Companies now provide claims to be started online.

11. Does Everyone Need Mortgage Payment Protection Insurance?

If someone has a lot of liquidity or savings then it may be possible that one may not need Mortgage Protection Insurance. The protection is not necessarily suitable for all homeowners. These policies are a simple yet affordable option for all levels of income but seem to be most prevalent with middle income America such as new homeowners and new parents.

12. Doing Your Homework

Straight Term Life Insurance is the least expensive type of coverage and provides protection for those value minded consumers for periods of 10-30 years. Straight Term Life can provide the most coverage with a guaranteed premium for the length of the term. While these polices can be more affordable for very healthy consumers, more in depth medical underwriting will be required for polices over $300,000. Also, individuals will fall into specific premium risk classes based on age and health status, which may be beneficial for older healthy individuals and those who need higher amounts of coverage.

As you can see there is a wide range of options available to you. These days you can run instant online quotes directly from the internet. However, what type of policy is right for you depend on many factors, and your insurance advisor can assist you in determining which policies are most beneficial for your situation.

PROTECT YOUR MORTGAGE PAYMENTS AT
www.TrinityMortgageProtection.com

TRINITY 1 FINANCIAL GROUP
THE POWER OF NUMBERS