Manulife

Insurance Explained – Mortgage protection insurance video

Transcript

(We open on our talent casually talking to camera. There's a mailbox next to her).

About to own your home? A white picket fence? Green grass? Your own mailbox?

Mail's still a thing, right?

Cut to an animated introduction with the following supers:

Manulife presents Insurance Explained

Today's topic: Mortgage Protection Insurance

Will you have a mortgage with that new home I was talking about earlier? If so, mortgage protection insurance is something that may be of interest.

And this isn't to be confused with mortgage default insurance, which is mandatory for down payments of less than 20% of the purchase price and protects the financial institution you borrowed money from.

(Cut to animated illustration. There is an insurance policy in the middle of the screen surrounded by house keys, a "for sale" sign, a pen and a picture of a house. We see the different coverages appear on the policy: premature death, disability, and critical illness).

Mortgage protection insurance on the other hand, is optional insurance that can pay off or reduce the mortgage in case of:

- premature death
- disability
- or critical illness.

(An illustration of a house appears on screen beside the talent).

Your home is probably your biggest investment.

But what would happen to you and your family if you couldn't make the mortgage payments anymore?

It's a scary thought, I know, but mortgage protection insurance can help you in different ways:

First, if the borrower passes away, mortgage protection insurance can pay off the remaining balance of the mortgage.

That way, your family wouldn't have to worry about making the mortgage payments or sell your house if they couldn't make them. Instead, they'd be able to stay in their home.

Second - if the borrower becomes disabled from an accident or illness, the monthly mortgage payments would be covered for a period of up to 24 months.

So, you wouldn't have to worry about using your emergency funds and you'd be able to focus on getting better—which is, you know, kinda the most important part.

(An illustration of a hospital appears on screen beside the talent).

Third - if they're diagnosed with a covered critical illness, mortgage protection insurance would pay off all or a portion of the remaining mortgage balance.

(Illustrations of a house, of X-rays, and of a passport appear on screen beside the talent).

Which would provide some much-needed financial relief in a time where additional expenses from the illness can quickly add-up (like home nursing, a second medical opinion, out-of-country treatment, those kinds of things...)

(Cut to a frame where the super "How does mortgage protection work?" appears).

Well, in a lot of ways, mortgage protection insurance is similar to term life insurance in how it works.

You buy a coverage, pay regular premiums, and at the end of the policy term (usually a 25 or 30-year term – depending on the duration of your mortgage), your coverage ends.

And if something happens to you before the coverage ends, a benefit – money - is paid.

But there are a couple of differences between mortgage protection and other insurance.

First one being that the insurance benefits are paid to the financial institution that you borrow the money from.

(Cut an illustration of a bank building. Coins are falling into it. This represents mortgage protection insurance. Then the screen gets split in two and we see 2 hands catching coins, representing the other types of insurance).

It means that if you pass away, become disabled or are diagnosed with a critical illness, the insurance company will give the money to the lender directly to discharge or reduce the mortgage. While with other insurance, you or your family would get the benefit.

One of the benefits of mortgage protection insurance is that it takes care of the mortgage related debt, allowing you to use any other coverage for other purposes – like your children's education, your spouse's retirement or living expenses.

Since it's matched up to the mortgage balance, and the money will go only towards that, there's no worrying there won't be enough to cover the mortgage, so the thought of having to sell your home won't need to cross your mind.

And while the purpose of mortgage protection insurance works the same regardless of the insurance provider and how you get it, it may have different features depending on the product offered – like portability.

What's portability?

(Super "Portability" appears on screen beside the talent).

Well, if your coverage is portable, it means that your coverage isn't locked with the financial institution you got your mortgage from. It means you can keep your coverage even if you renegotiate your mortgage with another financial institution.

Note that there are providers of mortgage protection insurance (such as your mortgage broker) that can offer you a portable coverage. You'd also want to look into how flexible your coverage can be.

(An illustration of a house appears on screen beside the talent).

For example, if you purchase a bigger home and see your mortgage increase, you may want to have the flexibility to increase your mortgage protection insurance at that point, because you'd obviously want to be covered for more.

Another thing about mortgage protection insurance is that it can also work with any other coverage you may have.

So, let's say you already have some kind of life insurance coverage. Why consider mortgage protection insurance?

Well, if you decide to purchase mortgage protection and something happens to you, your family wouldn't have to worry about the mortgage as mortgage protection would pay off the remaining balance AND they could use your OTHER coverage for other expenses.

(Cut to a frame where the super "How to get mortgage protection insurance?" appears).

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Getting mortgage protection insurance is actually an easy process. You'll be able to get mortgage protection insurance when you arrange your mortgage. It can be offered directly by the financial institution you're borrowing money from, but also by mortgage brokers.

And to qualify, you usually need to satisfy a few small conditions.

You need to:

(Cut to illustration showing a maple leaf, a hand holding house keys and a house).

A. Be a Canadian resident under certain age (commonly 64 year old)

B. Be the borrower, co-borrower or guarantor

And C. Be applying for a residential mortgage

And that's pretty much it!

(Cut to a frame where the super "The takeaway" appears).

As usual with insurance, it's not a one-size-fits-all.

Each insurance comes with their own benefits and unique features.

And while mortgage protection insurance only covers the mortgage, this coverage can play an important role in your asset protection strategy by allowing you to have a dedicated insurance to take care of your debt and to use other coverage for other expenses.

And I feel like I totally just said the word covered like 5 times in the last 30 seconds but, you get the idea.

(Cut to end frame with Manulife logo and legal disclaimer).

The information in this video is not to be relied upon as financial or investment advice for specific situations. Individual circumstances may vary. You may wish to contact one of Manulife's licensed insurance advisors or your licensed insurance agent if you need advice about your insurance needs.

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