Protect your family instead of your lender

Individual insurance vs. mortgage insurance

canada life™

When you own an individual insurance policy, instead of buying your lender’s mortgage insurance, you have more control.

You choose...

the type of insurance and options you want. You decide who gets the insurance payout.

When you buy a home

You need to protect yourself and your family financially, no matter what happens.

Mortgage insurance may seem like a good option – if you die, your mortgage is paid off.

But is it the best option for you?

Individual insurance vs. mortgage insurance

Individual insurance	Mortgage insurance
Who receives the money?	
You decide who receives the money and they decide how to use it. They could pay down the mortgage, pay off outstanding debt, or fund education or retirement plans.	The money goes to the lender and they use it only to pay down your mortgage.
How long does my coverage last?	
You choose – it can be short-term or for a lifetime. And as you pay down your mortgage, your coverage amount is not affected.	Mortgage life insurance only lasts until you've paid off your mortgage. And you're typically only covered for the balance of your mortgage. So, as you pay down your mortgage, your coverage decreases, but your monthly cost stays the same.
How much choice do I have?	
You can choose from several types of insurance – life, critical illness, and disability insurance. Each type has options that can be customized for you. You can also buy life, critical illness, and disability insurance separately, rather than bundled together.	Your options are limited. You typically can't make changes based on your evolving needs or make the coverage last a lifetime. If your lender offers critical illness or disability insurance (not all do), you often have to buy mortgage life insurance too.
Who controls the policy?	
You do. That means you can move your mortgage to a different lender without affecting your insurance.	The lender does. That means you can't move your mortgage insurance to another lender. If you find a better mortgage rate with a different lender, you may have to apply for mortgage insurance with the new lender. This could increase your cost.
What happens when I pay off my mortgage?	
You're still covered. Your insurance isn't tied to your mortgage so your coverage stays with you.	Your insurance coverage ends.

Protect yourself and your loved ones with your own insurance coverage

Life insurance

- With permanent life insurance, you get lifelong protection and the potential to grow your wealth over time. You can access your policy's cash value while you're still alive – to increase your retirement income, for example, or start your own business.[1]
- With term life insurance, you're covered for a set period of time. You have a wide range of options to meet your needs and budget.

Disability insurance

- Disability insurance replaces a portion of your earnings if an accident or illness causes you to become unable to work or earn an income.
- You choose your benefit amount, the waiting period before coverage starts, and how long coverage lasts.
- Compare this to mortgage insurance, where the benefit period is usually shorter and you can't customize your coverage.

Critical illness insurance

- Critical illness insurance provides you with a tax-free lump-sum payment you can use in whatever way you need while you recover. With individual insurance, you can be covered for up to 25 critical illness conditions. Mortgage insurance typically only covers three: cancer, heart attack, and stroke.
- You can customize your policy with optional benefits. For example, with one option, if you don't make a claim for a certain number of years, you can get back the money you paid for your policy.
- Your policy can't be cancelled as long as premiums are paid. With mortgage insurance, your lender owns the policy, so they can modify or cancel it without asking you.

[1]Money that builds in your policy over time is called cash value. If you borrow or withdraw money from your policy, it reduces your policy's cash value and how much money your beneficiaries will receive. You may have to pay taxes on money withdrawn from a permanent life insurance policy's cash value

Plan for the future

Your advisor can help you build a financial plan to protect what matters most to you.

For more information, talk to your advisor.

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