Canada Life

Protect what matters most, not just your house

INDIVIDUAL INSURANCE

VS

MORTGAGE INSURANCE

When you buy a home, you need a way to help protect yourself and your family financially, no matter what happens.

Mortgage insurance may seem like a good way to do this – if you die your mortgage is paid off. But is it the best option for you?

Insurance is about more than just your home: it's about protecting what's important in your life. That's why individual insurance may better suit your needs.


INDIVIDUAL INSURANCE
VS
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It's all about you

Individual insurance generally provides more control, options and benefits to help you financially protect what matters most. And it's all about you: **you** own it, **you** choose the product and options **you** want and **you** decide who gets the insurance proceeds.

INDIVIDUAL INSURANCE VS MORTGAGE INSURANCE

Who receives the money?	
Money goes to whomever you choose – perhaps your family – and they decide how money is used. For example, pay down your mortgage, cover outstanding debt or fund education or retirement plans.	Money goes to the lender. The money can only go toward paying down your mortgage.
What is my coverage like?	
Choose how long you want your coverage to last – short-term or for a lifetime. Your coverage stays the same as you pay down your mortgage.[1]	You're typically only covered for the mortgage. The amount of coverage decreases as your mortgage is paid down, but the monthly premium payment doesn't decrease.
How much choice do I have?	
You have many choices. Pick between several types of insurance – life, critical illness and disability insurance. Each type offers different product options and optional benefits (called riders) customized based on your current or evolving needs. You can also buy life, critical illness and disability insurance separately, rather than bundled together.	In general, you have limited options. For example: mortgage life insurance only lasts until you've paid off your mortgage – you typically can't make changes based on your evolving needs nor make it last a lifetime. If your lender offers critical illness and/or disability insurance (not all do) you typically have to buy mortgage life insurance first or at the same time.
Who controls the policy?	
You own the policy, giving you control over a variety of options. It's unrelated to your mortgage, so it doesn't matter if you move your mortgage to a different lending institution.	The lender typically owns the policy so you can't move your mortgage insurance to another lending institution. If you find a better mortgage somewhere else, you may have to re-qualify medically for mortgage insurance protection with the new lender. This may increase your premiums.
What happens when I pay off my mortgage?	
Your insurance isn't tied to your mortgage so your coverage stays with you, and you may have options to adapt the coverage to meet evolving needs.	Your insurance coverage ends.

Individual insurance: features you just can't find with mortgage insurance

Features of life insurance

Permanent life insurance includes features that can grow money inside your policy over time. You can access this money while you're still alive to help you do what you've always wanted – perhaps start your own business – or leave a larger legacy for those you care about.[2] You can also convert term life insurance into permanent life insurance protection when the time is right.

Opportunities with individual critical illness insurance

- You can be covered for up to 25 critical illness conditions with individual insurance. Mortgage critical illness insurance typically only covers three: cancer, heart attack and stroke.
- It can be customized through optional benefits (called riders) one of which allows you to get back all of the eligible premiums you've paid if you don't make a claim.[3] Mortgage critical illness insurance has relatively limited or no customizable options.
- It can't be cancelled without your permission as long as the premiums are paid. With mortgage insurance since your lender owns the policy, they can modify or cancel it by providing sufficient notice as outlined in the policy, without asking you.

The disability insurance advantage

You choose your benefit amount, waiting period when coverage will start and the benefit period for how long the coverage will last. And you can add riders to your coverage, including one that allows you to get back half of the premium you've paid.[4] By comparison, the mortgage disability insurance benefit period usually ends much sooner and you can't customize your coverage.

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Plan for the future

Your advisor is a trusted professional who's there to help you build a financial security plan that help protect your mortgage and what matters most in your life.

For more information, please visit canadalife.com.

Helping people achieve more™

[1] As long as you haven't changed your policy – for instance, added coverage or benefits, taken out a policy loan or made a withdrawal.
[2] Money that builds in your policy over time is called cash value. If you borrow or withdraw money from your policy, it will reduce the policy's cash value and how much money the person (or people) you've designated will receive (called a death benefit). You may have to pay taxes on money withdrawn from a permanent life insurance policy's cash value.
[3] At a designated point in time and if you don't make a claim.
[4] As long as there have been no claims in the last seven years. Canada Revenue Agency and Revenu Quebec have not provided a formal ruling regarding the tax treatment of this type of benefit. Professional tax advice is recommended.

In Quebec, advisor refers to a financial security advisor for individual insurance and segregated fund policies; and to an advisor in group insurance/annuity plans for group products.

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