

## What the big banks won't tell you about mortgage insurance

"Many people take no care of their money till they come to the end of it and others do just the same with their time."

*Johann Wolfgang Von Goethe*

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I read an article in a daily national newspaper recently that really disturbed me. It provided misleading and inaccurate information to homeowners about the mortgage insurance offered by bank lenders.

Banks pulling the veil over the consumer's eyes? Now *this* is a topic that really gets me fired up.

### Feeding on consumer fears

The article warned consumers of the dangers of not having mortgage insurance, which in my view, feeds consumers' fears without giving them the whole picture.

I've done exhaustive research on the products that protect homeowners. Mortgage insurance is a poor solution. The differences between the product that came out on top in my research and mortgage insurance are numerous and far reaching.

### Here's what banks won't tell you:

- You cannot name a beneficiary for mortgage insurance. The bank is the beneficiary – period.
- Though your coverage decreases with your mortgage balance, your cost remains the same (or increases without notice, if the policy experience is not favourable).

- Mortgage insurance uses age to calculate rates. If you are a non-smoker, you will pay the same as a smoker.
- If you change lenders, you must reapply for mortgage insurance at your new age.

### Banks put themselves first

The one thing the major banks have in common is that they always put themselves first. I have seen it time and time again. Mortgage insurance is a prime example of this. It is a product that is highly profitable and easily sold.

The banks know that most people will purchase mortgage insurance without asking a single question. Not only that: for those that are savvy enough to reject mortgage insurance, bank lenders often insist that you sign a waiver implying that your decision is an inherently foolish act.

### About Paul

Since 1990, Paul D. Shirer, President and CEO of Perfect Timing Financial, has excelled as a personal finance expert helping families simplify and allocate their personal resources. A passionate consumer advocate, Paul creates comprehensive, customized financial plans and provides independent advice on investments and insurance. Paul holds a B.Comm. in finance along with various industry licensing accreditations. As part of his commitment to excellence, Paul attends numerous industry seminars and conferences annually while promoting a strong focus on health and fitness. Paul has competitively completed five international marathons and a multitude of half-marathon, 10km, 8km and 5km running events.



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**Read more on this topic**

At [perfecttimingfinancial.com](http://perfecttimingfinancial.com), type 'mortgage' into our search feature to locate:

- Mortgage Insurance Is Robbery: Critics
- Questions you should ask before obtaining mortgage insurance
- What is your best choice for mortgage protection?

**What's on your mind?**

- I have mortgage insurance with a bank – How can I break it and get a better solution?
- Mortgage rates are at all-time lows: how do I know if it's time to break my term and re-finance?
- Is it possible to bring my mortgage, savings and income together in one account to reduce my debt faster?

(answer:yes)



**Mortgage insurance is 'robbery'**

Think this sounds strong? I don't. Neither does the Financial Post. Download the Post article *Mortgage Insurance is Robbery: Run the numbers - 3 out of 5 home owners buy the pitch* by following instructions in the box to the left.

Whatever you choose, I encourage you to work with an independent financial planning professional who puts you first and is free to offer the best products and services out there from a variety of suppliers.

**Protect yourself**

The bottom line? Don't rely on general financial advice that's sold to the masses. If you're interested in specialized coverage for homeowners, know that there are better ways than mortgage insurance to accomplish the same goal. In most instances, the better and cheaper solution is a personalized and comprehensive life insurance plan.

We're excited to re-introduce **Perfect Times** which recognizes that every adversity has an underlying opportunity of equal or greater value. Now more than ever, it's the perfect time to share our insights and opinion on the financial issues that affect you.

**About this newsletter**

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