The Benefit Guys

The following chart is a comparison between term life insurance and mortgage insurance, purchased through a bank or lending company.

Individual Life Insurance	Life Insurance with a Bank
You own the policy - you have complete control	The lender owns the policy - you have no control
You have a premium rate that is guaranteed in advance, the company cannot decide to change it.	The group policy premiums can be changed if the lender decides to raise premiums for the group.
You may purchase any amount of coverage. You can simply add the coverage to existing insurance.	The coverage is for the outstanding amount of the debt. As your mortgage reduces, your insurance decreases.
The insurance company cannot cancel your insurance, only you can.	The policy can be cancelled by the lender or by the issuing company.
Your individual policy is fully portable. It is not connected to the mortgage and if you re-finance your mortgage with another bank, you do not need to re-qualify.	The coverage will terminate if you refinance your mortgage, or if you sell your house, or if you pay off your mortgage, or if the lender forecloses on your mortgage.
Your policy is convertible, regardless of your health.	The group mortgage policy is not convertible.
You decide who your beneficiary is. Upon death your beneficiary will receive the proceeds and your beneficiary decides how to use those funds. The proceeds are protected from all creditors, including a bank.	The lender is your beneficiary and the death benefit is automatically used to pay off the mortgage, regardless of the wishes or circumstances of your dependents.
If you use level term, and insure both the husband and wife individually, then both policies pay benefits in the event of both deaths.	If you and your spouse are both insured on a lender mortgage policy, then only one payment is made in the event of both deaths.
You are buying the coverage from a licensed broker or agent who has been trained to understand your overall need for life insurance and how to integrate that with your total needs.	You are buying insurance from a lender employee who is not licensed and who receives no training in your total need for life insurance.
If you become terminally sick, and are laid off work, and are not able to make your mortgage payments, but you are able to make your insurance premium, your policy will pay the death claim.	If you become terminally sick, and are laid off work, and are not able to make your mortgage payments then you automatically lose your insurance when you desperately need it to protect your family.

Which option sounds better to you?