

A GUIDE TO MORTGAGE PROTECTION

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Simple Money Advice

What is Mortgage Protection?

If you have a mortgage on your family home, you are legally required (with some exceptions) to have life insurance cover to pay off the mortgage should you die before the end of the mortgage term.

This is called mortgage protection cover

Most lenders offer this cover as part of their mortgage package. However you are not obliged to take their cover.

In fact you shouldn't!



Like many people, your mortgage is probably your largest financial responsibility. Of course, there's always a worry that should you die or become seriously ill, your family may have difficulty meeting this large liability.

So how do we protect our castle without paying the amount it costs to buy one. You have some options.

Joint Life Cover

- Joint mortgage protection will payout on the first death only
- First-person passes – the policy clears the mortgage Policy ends
- Sold by the Banks

Dual Life Cover

Dual mortgage protection will payout on both deaths.

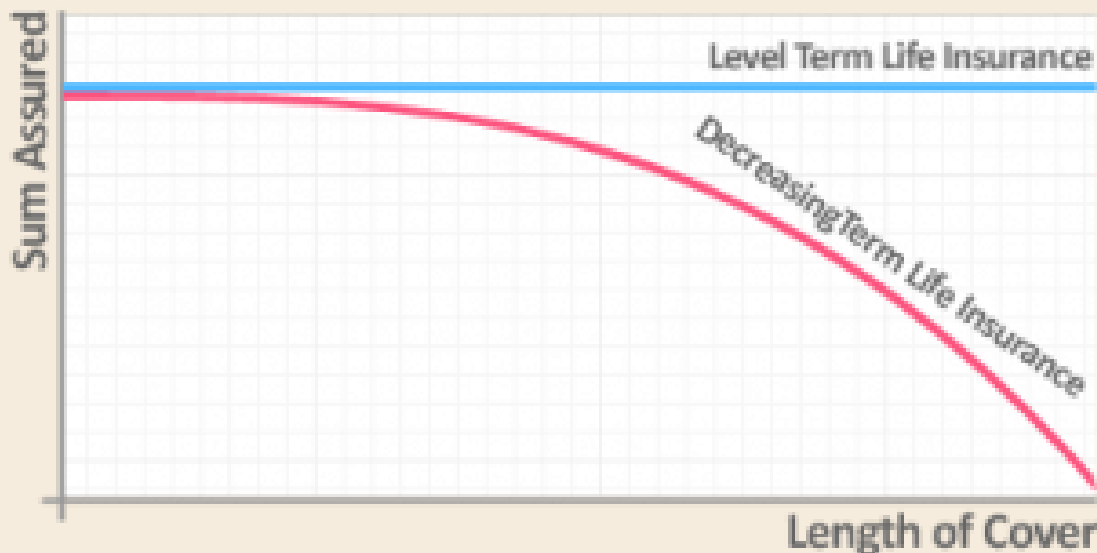
- First-person passes – the policy clears your mortgage
- Cover then continues for the second person on a reducing basis
- Should the second person pass away, the policy pays out again
- Policy ends
- Exclusive to Brokers

The premium for dual life mortgage cover is the same as for joint life mortgage protection.

So Why don't the Banks tell us this!

Your bank will be dealing with only one of the 5 insurers. So they are tied to that one insurer, all the banks except Bank of Ireland are tied to Irish life, Bank of Ireland use New Ireland and neither of these have dual life mortgage protection. Neither of these are bad companies in fact we use them a lot just **NOT** for mortgage protection.

So How does it work. For example, you borrow €200,000 over 30 years.



You start today at €200k and as the balance of your mortgage comes down so does your mortgage protection (don't worry it decreases at a slower rate than your mortgage) so at the end of 30 years both will be nil. Happy days mortgage paid off!

End of, that's it that is all the banks need do not give them anything else as they will own the policy

You can read more on Mortgage Protection here

<https://davidkelleher.ie/2021/03/24/what-is-mortgage-protection/>

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