

### General

#### **Q1 What is mortgage protection insurance (MPI)?**

MPI is a life insurance policy that helps clear the balance on a home loan if the borrower passes away.

#### **Q2 Who can apply for an MPI?**

Home loan borrowers can apply for an MPI.

#### **Q3 How do MPIs Work?**

##### For individual borrowers

1. Borrower takes out MPI for the home loan balance or part of.
2. Renews annually based on the remaining loan balance.
3. The Policy is assigned to the Bank.
4. If the borrower passes away, the policy pays the MPI policy's sum insured. Any unpaid home loan balance is the responsibility of the deceased's estate. Any residual after the home loan is paid to the deceased borrower's beneficiaries.

##### More than one borrower

1. All borrowers can take MPI for the entire loan balance or part of it.
2. If one borrower passes, the policy pays the policy sum insured.
3. If the home loan is fully paid, the other MPIs taken by other borrowers may be converted to individual term life policies or terminated. Any residual balance resulting from paying off the home loan is payable to the deceased beneficiaries.
4. If the home loan is not fully paid, the other MPIs taken by other borrowers may continue.

#### **Q4 Who should fill in the Mortgage insurance application form?**

The MPI application form is completed by the borrower or life to be insured. The bank officer or insurance officer may assist with any clarifications. As per the flyer, BSP Life can be contacted by email or telephone to provide this service.

#### **Q5 What Value do I take the MPI for?**

Borrowers determine the value – depending on their needs and affordability, they may choose to cover the entire balance of the home loan or only part of it.

#### **Q6 What is the MPI policy renewal date?**

The policy renewal date is the anniversary date of your MPI policy.

#### **Q7 What can I expect at renewal?**

You will receive a notification before renewal. At this time, you will need to check your home loan balance and quote to renew your policy. You can either renew your policy at the same sum insured as is current or take up a reduced sum insured that matches the home loan balance remaining. If the loan amount has increased, you cannot increase the sum insured upon renewal of your current MPI. However, you can always take out another MPI to cater for the increment or increased difference from the current sum insured level.

## Frequently Asked Questions – Mortgage Protection Policies BSP Life

### Q8 If I topped up my home loan mid-term for the MPI policy year, can I have my policy's sum insured increased appropriately?

No, not at the moment. Once my policy commences or is renewed at the sum insured set, no increase mid-term of the policy term will be allowed. However, for the topped-up loan, you are always welcome to take another MPI policy whose sum insured is the extra loan amount.

### Q9 Why is MPI important?

It protects our loved ones from losing their home if the borrower(s) pass(es) away.

### Q10 How do I sign up for an MPI?

There are two ways to sign up for mortgage protection:

1. **Ask your home loan lender** – They can provide mortgage protection directly. They will help you with the necessary paperwork and arrange to have the policy in place.
2. **Arranging yourself** – Checking insurance companies that provide mortgage protection insurance, understanding the terms and conditions, making comparisons, and arranging payment for the premiums.

### Q11 What is the difference between MPIs and life insurance?

The critical difference is that for the MPI, the pay-out is done directly to the Bank / Lender, while for the typical life insurance, the pay-outs are done to the chosen beneficiary.

### Q12 What happens if I stop paying my MPI policy?

Your MPI policy ceases, and your property/home will be at risk should you meet an untimely passing.

### Q13 How much does mortgage protection cost?

The factors that determine your premium (cost of insurance coverage) amount include your age, the chosen sum insured (value of the home loan or part of it) and your smoker status (i.e. you're a smoker or non-smoker).

Sample premium rates are below.

<b>Name</b>	Ms. X		
<b>Date of Birth</b>	02/01/1983		
<b>Occupation</b>	Lawyer		
<b>Smoker (Y/N)</b>	N		
<b>Age</b>	40	41	42
<b>Frequency</b>	1	1	1
<b>Sum Insured</b>	\$ 200,000	\$ 195,000	\$ 185,000
<b>Annual Premium</b>	\$646	\$693	\$734

Mrs X pays:

- Age 40 - \$646 for \$200k coverage

## Frequently Asked Questions – Mortgage Protection Policies BSP Life

- Age 41 - \$693 for \$195k coverage
- Age 42 - \$734 for \$185k coverage

<b>Name</b>	Mr. Y		
<b>Date of Birth</b>	02/02/1983		
<b>Occupation</b>	Electrical Engineer		
<b>Smoker (Y/N)</b>	Y		
<b>Age</b>	40	41	42
<b>Frequency</b>	1	1	1
<b>Sum Insured</b>	\$ 200,000	\$ 195,000	\$ 185,000
<b>Annual Premium</b>	\$1,188	\$1,286	\$1,373

Mr Y pays:

- Age 40 - \$1,188 for \$200k coverage
- Age 41 - \$1,286 for \$195k coverage
- Age 42 - \$1,373 for \$185k coverage

### Q14 When should I arrange my MPI?

As soon as you start talking to a home loan lender.

### Q15 What is the duty to disclose all material facts when completing an application?

- This is your obligation to answer the questions on the MPI application truthfully - with full disclosure of the exact details, particularly on existing medical conditions.
- Applicants may be required to undertake the necessary medical checks as part of this assessment process.
- If relevant facts are not fully disclosed upfront, your MPI may be void due to non-disclosure, in which case the insurer may decline and not pay out in the event of an untimely passing.

### Q16 If I am ineligible for an MPI, what other insurance product can I take?

If you're not eligible for an MPI cover, we can refer you to a BSP Life insurance advisor to discuss your needs.