OPTARIS

PARTNERS

MORTGAGE PROTECTION

PLAIN & SIMPLE

What it is. What it does. How it works. And why a homeowner might want to think about it before the family needs it.

THE WHOLE IDEA IN ONE SENTENCE

Mortgage protection helps provide money intended to keep the mortgage from becoming a family crisis after a covered death.

A homeowner-friendly guide

optarispartners.com

THE 30-SECOND VERSION

What is mortgage protection?

It is a purpose, not one universal product.

THE BASIC IDEA

If an insured homeowner dies while eligible coverage is in force, a death benefit can provide money to pay off, reduce or temporarily carry the mortgage.

THE PROBLEM

The mortgage payment usually continues even when a person and their income are suddenly gone.

THE PROTECTION

Life insurance can create cash at the time the household may need it most.

THE CHOICE

The recipient can use available proceeds according to the policy, beneficiary arrangement and family plan.

THE GOAL

Help the family remain in the home or make housing decisions without immediate financial pressure.

PLAIN-ENGLISH DEFINITION

Mortgage protection is planning life-insurance benefits around the mortgage and the family members who would have to carry it.

WHY IT EXISTS

The mortgage does not mourn

Payments, taxes, insurance and upkeep can continue while a family is grieving.

A DEATH CAN CHANGE BOTH SIDES OF THE HOUSEHOLD BUDGET

MONEY COMING IN

A salary, business income, benefits or unpaid household work may disappear or change.

MONEY GOING OUT

The mortgage and most household obligations may continue, while new expenses can appear.

MORTGAGE PROTECTION CAN CREATE OPTIONS

01 **Pay off the mortgage**

Remove the mortgage payment entirely.

02 **Reduce the balance**

Make the remaining payment more manageable.

03 **Fund a runway**

Cover payments for a selected adjustment period.

04 **Preserve choices**

Reduce the pressure to sell quickly or disrupt the family immediately.

IMPORTANT

No policy can remove grief. The financial purpose is to keep the mortgage from narrowing the family's choices at the worst possible time.

MECHANICS

How does it work?

The exact details depend on the policy, but the broad sequence is straightforward.

1

Choose the purpose

Decide whether the goal is to pay off the mortgage, reduce it or fund payments for a period.

2

Select coverage

A licensed professional helps explore an amount, policy type and term that fit the goal and budget.

3

Apply and qualify

The insurer evaluates the application. Health, age and other underwriting factors may affect availability and cost.

4

Keep it in force

Required premiums must be paid and policy conditions must be met.

5

Benefit is claimed

After a covered death, the claimant submits the required information to the insurer.

6

Proceeds are paid

The insurer pays according to the policy and beneficiary arrangement. The family then follows its protection plan.

THE CONTRACT CONTROLS

Marketing language never replaces the policy. Coverage, exclusions, beneficiaries, contestability provisions, premium rules and claim requirements are found in the actual contract.

AVOID THE ALPHABET SOUP

What mortgage protection is not

Several products contain the word “mortgage” or protect a property. They do different jobs.

MORTGAGE PROTECTION

A family-focused plan using life-insurance benefits to help address the mortgage after an insured death.

PRIMARY FOCUS

The intended family outcome

PMI / MORTGAGE INSURANCE

Coverage commonly connected to a mortgage loan that protects the lender if the borrower defaults.

PRIMARY FOCUS

The lender

HOMEOWNERS INSURANCE

Property and liability coverage for specified losses involving the home, belongings or liability.

PRIMARY FOCUS

The property and covered risks

TITLE INSURANCE

Coverage addressing certain title defects or ownership claims. Lender and owner policies protect different interests.

PRIMARY FOCUS

Title-related interests

THE SHORTEST DISTINCTION

PMI generally protects the lender. Mortgage protection is designed around what happens to the household and the home after an insured death.

COMMON APPROACHES

What kind of coverage can be used?

There is no single “mortgage protection policy” that fits every household.

LEVEL TERM LIFE

Coverage generally stays level for a selected term. A beneficiary receives the death benefit if the insured dies while covered. It can match a period of mortgage responsibility while leaving flexibility for the family.

DECREASING COVERAGE

The benefit is designed to decline over time, often alongside a shrinking obligation. Details vary, and the benefit may not match the actual mortgage balance at every point.

PERMANENT LIFE INSURANCE

Coverage designed for long-term or lifetime needs, subject to policy requirements. It may include cash value and is usually structured differently from temporary protection.

EMPLOYER COVERAGE

Workplace life insurance may help, but the amount, portability and continuation can depend on employment and the plan. It should be verified rather than assumed.

DIRECT-TO-FAMILY VERSUS CREDITOR ARRANGEMENTS

Some coverage pays a named beneficiary; certain creditor-related arrangements may pay a lender. Who receives the benefit and who controls the money are major differences to understand before buying.

The right approach depends on the intended outcome, time horizon, health, budget, existing coverage and policy details.

How much might be considered?

The mortgage balance is a useful starting point, but not the only possible target.

1

Start with the mortgage

Find the current payoff balance and the full monthly housing obligation.

2

Choose the desired outcome

Full payoff, partial payoff or a defined number of monthly payments lead to different targets.

3

Subtract dedicated resources

Count existing life insurance and savings only if they are truly available for the mortgage goal.

4

Identify the gap

The difference becomes a planning estimate, not an automatic recommendation.

A SIMPLE STARTING FORMULA

Mortgage target - dedicated resources = estimated protection gap

Use the Family Mortgage Protection Calculator to compare a payoff strategy with a payment-runway strategy.

KEEP THE LANES SEPARATE

Final expenses, income replacement, education and other debts may matter, but they are broader life-insurance goals. This guide keeps the headline focused on the mortgage.

PRACTICAL QUESTIONS

What affects cost and availability?

An estimate is not a quote, and a quote is not coverage until the insurer issues it and policy requirements are satisfied.

AGE

Rates commonly vary by age.

HEALTH

Medical history and current health may affect underwriting.

NICOTINE USE

Tobacco or nicotine classifications can affect rates.

COVERAGE AMOUNT

A larger death benefit generally changes the premium.

COVERAGE DURATION

Longer terms can cost more than shorter terms.

POLICY DESIGN

Level, decreasing, permanent and optional features are priced differently.

OCCUPATION AND ACTIVITIES

Certain work, travel or activities may affect underwriting.

INSURER AND STATE

Products, rules and pricing vary by carrier and location.

Never cancel existing coverage until replacement coverage is actually in force and the consequences have been reviewed.

AFFORDABILITY MATTERS

Protection that cannot be maintained may not protect anyone. Discuss premium stability and future affordability, not just today's price.

BEFORE DECIDING

Questions worth asking

Good protection begins with clear answers, not pressure.

1. **Who receives the death benefit?**
2. **Is the benefit level or decreasing?**
3. **How long does the coverage last?**
4. **Are premiums level, and for how long?**
5. **What can cause the policy to lapse or end?**
6. **What exclusions or limitations should I understand?**
7. **Can the coverage continue if employment changes?**
8. **What happens if the mortgage is refinanced, sold or paid early?**
9. **How does this coordinate with existing life insurance?**
10. **What records should my family know how to find?**

RED FLAG

Be cautious when someone blurs mortgage protection with PMI, guarantees approval, treats a planning estimate as a mandatory amount, or avoids explaining who receives the benefit and how the policy works.

TAKE YOUR TIME

Read the policy materials, verify the insurer and producer, and ask until the answer makes sense in ordinary language.

THE NEXT STEP

Turn the idea into a family plan

The best question is not “Do I need a product?” It is “What should happen to the home if I am no longer here?”

THE THREE-NUMBER CONVERSATION

1. Remaining mortgage balance

2. Existing protection dedicated to the home

3. The gap between the intended outcome and current resources

USE THE CALCULATOR

Compare paying off the mortgage with funding a chosen number of payments.

USE THE CHECKUP

Document the people, resources and family outcome behind the numbers.

HAVE THE CONVERSATION

A licensed professional can help review policy types, coverage duration, beneficiaries, underwriting and affordability. The goal is not to force a product into the plan. It is to make the protection plan understandable and intentional.

START THE CONVERSATION | optarispartners.com

Consumer references

NAIC Life Insurance: content.naic.org/insurance-topics/life-insurance | CFPB Mortgage Insurance: consumerfinance.gov/ask-cfpb/what-is-mortgage-insurance-and-how-does-it-work-en-1953/