



HOME MORTGAGE PROTECTION

Basic Product Definition

What is it?

- Decreasing Term protection tied to the mortgage balance.
- Can insure all or part of mortgage - up to \$450,000 (may vary by state).
- Must take life coverage to get disability.
- Under disability option, monthly mortgage payments made for a covered disability - up to \$2,000/mo. single coverage or \$3,000/mo. joint.
- Life protection available to members under age 70; disability under age 56.
- Joint coverage option for life and disability.

Who receives the benefits?

- The **credit union**.

Key Features

- Group term rates.
- Premium included in monthly mortgage payment or collected through a member's share account.
- Minimum loan term is 10 years. (5 years in FL & MN - 15 years in NH, OK, AZ, ID, MT & NV - 20 years in ND)
- Joint life coverage option.
- Joint disability coverage option.
- Proceeds paid directly to credit union.
- Available only through your credit union.
- No medical exam usually required; 15-day at home review.

Benefits

- Rates are generally lower than for similar individual coverages.
- Convenience. No extra checks to write each month.
- Custom-tailored coverage to meet individual member's budget and loan terms.
- Co-borrowers rates one-half of primary insured. Benefit paid if either dies.
- No additional premium charge for joint disability. 50% of benefit paid if either disabled. 100% of benefit paid if both disabled.
- Convenience, with the guarantee that the mortgage will be reduced or paid off upon the insured's death or disability.
- Personal service and convenience, one of the many services of your credit union.
- Easy to enroll.



HOME MORTGAGE PROTECTION

Summary of Coverage

COVERAGE

Decreasing Term Life Insurance
Decreasing Term Disability Insurance

ELIGIBLE LOANS

Any closed-end secured loan
(1st mortgages only in CT, DE, MA & PA)

Minimum Duration - 10 years
(5 years in FL & MN - 15 years in NH, OK, AZ, ID, MT & NV -
20 years in ND. RI – 10 years 1st mortgages only and 15 years all others)

Maximum Duration - 35 years

COVERAGE OPTIONS

Life Coverage Only

- Single
- Joint

Life and Disability Coverage

- Single
- Joint on both
- Joint Life and Single Disability

LEVEL MONTHLY PREMIUMS

Premiums are designed to remain level for the term of the policy.

LIMITED UNDERWRITING

Acceptance is subject to the borrowers insurability.
The underwriting process includes:

- The borrower answers a few health questions on the short form application.
- The credit union submits the completed application to CUNA Mutual. (For faster service, the application can be faxed to our office at 608-238-7387)
- CUNA Mutual underwrites the application based upon sound guidelines and procedures.
- CUNA Mutual notifies both the borrower(s) and credit union of the underwriting decision.

Sample Responses to Objections

Objection:	Responses:
<p>"I'm not sure I want to take on any more expenses at this time."</p>	<ul style="list-style-type: none"> • "If the additional expense seems to be a concern now, imagine what would happen if your family had to make your mortgage payments without your income." • "If insuring the entire balance seems too costly at this time, you can insure a portion of your loan, reducing your cost." • "Not necessarily. This policy is designed for credit union members only. We can usually provide a better rate because we are offering this valuable coverage to a select group of people like yourself." • "Now that you have a new debt, it's wise to make sure this debt is protected. Your other life coverage may not be enough." • "That's what's nice about this coverage through CUNA Mutual. We only ask you 4 medical questions and in most cases a medical exam isn't required." • "It's wonderful that you're in good health! But it just takes one accident to wipe out a person financially, and statistics show that at age 32, chances of a disability lasting 90 days or longer are 6.5 times greater than the chance of death." • "I can appreciate your feeling this way, no one likes to think about something happening to them." • "While you're thinking about it, why don't you go ahead and let us submit the application and utilize the company's 15-day free look. When you receive the policy, if there's something you don't like, you will get a full refund of premium paid."
<p>"I've heard that this insurance is expensive. Can't my agent give me a cheaper term policy?"</p>	
<p>"I already have enough life insurance. My employer provides enough life insurance for me."</p>	
<p>"Enrolling is a hassle. The forms are complicated and I don't want to go to the trouble of taking a medical exam."</p>	
<p>"I'm really a healthy person. I don't get sick so I don't need a disability coverage."</p>	
<p>"I just don't know. I want to shop around and think about it."</p>	

**EFFECTIVE DATE
OF COVERAGE**

The date the borrower(s) application is approved by CUNA Mutual or the effective date of loan, whichever is later.

**CONVENIENT
PREMIUM PAYMENT**

Borrowers can remit premiums to the credit union either with their monthly mortgage payments or by depositing the premiums into a designated share account at the credit union. The collection options available to the borrower is subject to the credit union's capabilities.

LIFE COVERAGE

This Payment Protection Product Helps Reduce Or Pay Off An Insured Mortgage Loan If The Borrower Dies.

BORROWER ELIGIBILITY

Borrower(s) must be:
1) under 70
2) have an eligible loan
3) insurable

AMOUNT OF COVERAGE

Member selects amount of coverage within following guidelines:
- coverage must be at least \$5,000
- coverage cannot exceed loan balance
- coverage cannot exceed \$450,000
(KS-\$100,000, NJ-\$75,000, TX - \$50,000 for any secured loan
and \$125,000 for first mortgages only)
- coverage must equal 50% or more of the loan balance if
disability coverage is selected.

JOINT COVERAGE

Coverage can be provided on two borrowers. The full benefit would be payable upon the death of either borrower. Coverage ceases on surviving borrower.

AMOUNT OF INSURANCE BENEFIT

Benefit equals the amount of coverage indicated on the Schedule of Life Insurance Benefits attached to the Certificate.

In addition, we will pay accrued interest from the last loan payment due date prior to the date of death (not to exceed 30 days).

EXCLUSIONS

Death as a result of:
a. suicide within two years of becoming insured
b. an act of war
c. air travel other than as a pilot, crew member or passenger on a scheduled flight on a commercial airline.

TERMINATION

The life insurance coverage will terminate on the earliest of the following:
a. the date the loan is paid in full; or
b. the date his policy is terminated; or
c. 31 days after the due date of any monthly insurance charge; or
d. the date the member transfers his/her interest in the loan security (this termination provision does not apply if the portable feature is in place at the credit union); or
e. the date of death of either insured, whichever occurs first.

DISABILITY COVERAGE

This Payment Protection Product Helps Make Insured's Mortgage Loan Payments When Disability Strikes

**BORROWER
ELIGIBILITY**

Borrower(s) must be:

- 1) under age 56
- 2) gainfully employed at full-time occupation at least 25 hours per week.
- 3) cover 50% or more of the loan balance with life coverage (within the contract minimums and maximums for life coverage)
- 4) insurable

**AMOUNT OF
COVERAGE**

Borrower can select the monthly benefit within following guidelines:

- must be at least \$100 per month
- cannot exceed the mortgage payment (principal, interest, taxes and homeowners insurance premiums)
- cannot exceed \$2,000 if single coverage, or \$3,000 if joint.

JOINT COVERAGE

Coverage can be provided on two borrowers.

The total monthly benefit would be split equally between the two insured's.

**AMOUNT OF
INSURANCE BENEFIT**

For any period of Total Disability benefit payments are subject to a maximum number of months according to the following table:

**MONTHLY DISABILITY BENEFIT
PAYMENT PERIOD**

<u>Member's Age at Disability</u>	<u>Maximum Months of Benefit Payments</u>
Under 30	66 months
30-34	48 months
35-39	36 months
40-44	24 months
45-49	18 months
50-54	12 months
55-64	6 months

Disability Coverage Terminates at age 65.

BENEFIT PLAN

30 days Non-Retro

TOTAL DISABILITY

First 12 months - regular occupation
Thereafter - any occupation

RECURRENT DISABILITY

A successive period of disability is considered a continuation of the previous disability if it:

- results from same or related cause
- occurs within six months

EXCLUSIONS

Total disability resulting from:

- a. intentionally self-inflicted injury
- b. normal pregnancy
- c. an act of war, or participation in a riot, crime or felony
- d. air travel other than as a pilot, crew member or passenger on a scheduled flight on a commercial airline.

TERMINATION

The disability benefit will terminate on the earliest of the following:

- a. the date the mortgage loan is paid off; or
- b. the date the Insured borrower or joint borrower is not totally disabled any more;
- c. the date CUNA Mutual has made payments to maximum number of monthly benefit payments based on the insured borrower's or joint insured borrower's age when disability began; or
- d. the date of death of either insured, whichever occurs first.

HOME MORTGAGE PROTECTION RATES

BRONCO FEDERAL CREDIT UNION (045-0530-7)

Level monthly life premiums are based on the member's age, initial coverage amount (typically the member's outstanding loan balance), and the member's tobacco use or non-tobacco use.

LIFE RATES & REIMBURSEMENT				
STD08 and STD09 Rates				
10% Reimbursement				
10% Participation Requirement or				
10 Insurance Applications, (whichever is greater)				
Tobacco Use	Non-Tobacco User Rates		Tobacco User Rates	
Age Group	Single	Joint	Single	Joint
18-24	.14	.21	.20	.30
25-29	.15	.23	.23	.35
30-34	.19	.29	.29	.44
35-39	.25	.38	.41	.62
40-44	.37	.56	.64	.96
45-49	.55	.83	.96	1.44
50-54	.78	1.17	1.34	2.01
55-59	1.15	1.73	1.97	2.96
60-64	1.78	2.67	3.04	4.56
65-69	2.83	4.25	4.84	7.26
Monthly rates per \$1,000 of coverage				

Level monthly disability premiums are based on the member's age and initial coverage amount (typically the member's total monthly mortgage payment including principal, interest, and homeowner insurance premium).

DISABILITY RATES	
Age	30 Day Non-Retro
18-44	.04
45-55	.05
Monthly Rates Per \$1.00 of Coverage	

31st day

APPLICATION PROCESS

The following is a flowchart of how to use the application to enroll your members in the Home Mortgage Insurance coverage. Make notes on the specific actions for your credit union, and yourself, to complete this process. The shaded boxes represent CUNA Mutual steps. The others are credit union steps in the process.

