



Group Creditor Mortgage Protection Insurance (MPI) May 2023

Mortgage Protection Insurance is an insurance policy that is designed to repay the outstanding balance of an HSBC mortgage, up to the maximum sum assured, in the event the borrower dies before the mortgage is repaid.

Features

- MPI is offered in single and joint policies.
- Coverage of the mortgage balance is up to a maximum of BMD\$2M in the event of the insured's death.
- Purchase at any time during your mortgage.
- Cancel within 30 days of the policy start date to receive a full refund of the premium.
- After the 30 day period, cancel at any time.

Insurance coverage will end on the earliest of the following dates:

- the date the mortgage is paid in full to HSBC
- the sale of property that is covered by this policy
- the date the loan is refinanced
- the date any life insured is no longer a borrower on the loan
- the date of a life insured's death
- the date the life insured turns age 70 (for joint coverage, the insurance continues on the younger life insured only, until age 70)
- the date any life insured cancels in writing
- the date insurance premiums (all or part) are 60 days overdue

Coverage Limitations and Exclusions:

No benefit will be paid if death is caused by or contributed to by:

- Suicide, within 24 months of the date the Application for Life Insurance is signed
- Operating a motorized vehicle while legally intoxicated, as defined by the jurisdiction where the accident occurred
- Flying as a pilot or crew member of any non-commercial aircraft
- Committing or attempting to commit a crime
- Activity while on active duty as a member of any military organization
- Use of a controlled substance or drug, other than as prescribed by a physician
- Active participation in a riot or insurrection
- Coronavirus disease (COVID-19), severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) or any mutation or variation of SARS-CoV-2

FAQs

What does MPI cover?

This term life insurance provides coverage on your outstanding Mortgage balance. Subject to the other terms and conditions in the policy.

Who is eligible?

This insurance is available only to mortgage customers of HSBC who are residents of Bermuda, and who are borrowers of a mortgage on a non-commercial Bermuda property, and who are between the ages of 20 and 60.

What are premiums based off of?

Premiums are based on the age of the Life / Lives Insured and the amount of insurance at the time you complete the Application for Life Insurance. Premiums are payable in advance for each scheduled payment during the life of your mortgage, or until your insurance ends if sooner.

What is the maximum sum that can be insured?

Coverage of the mortgage balance is up to a maximum of BMD\$2M in the event of the insured's death.

How long does MPI coverage last?

MPI is effective for the duration of your mortgage. If the mortgage is refinanced or paid off before the maturity date the insurance is terminated.

Is MPI a mandatory condition of getting my mortgage or is it an optional coverage?

MPI is an optional product that you can purchase at any time during the life of the mortgage.

How often are premiums charged for MPI?

Annual and monthly payments are both available. If you pay the premium on an annual basis, the total premium will be 8% lower than if you elect to pay your premium in monthly installments. Premiums are level meaning they will remain the same amount for the duration of the mortgage subject to the other terms and conditions in the policy.

Can I cancel this insurance at any time?

Yes, this policy can be cancelled at any time. Customers will have a 30 day cooling off period from the effective date of insurance in which to cancel your insurance coverage with full reimbursement.

Do I have to answer any medical questions?

You will be required to answer seven health questions in order to qualify for MPI. In the event that you answer yes to any of the questions, you are not eligible for the product.

If there are multiple individuals on my mortgage, will we all be covered under MPI?

Coverage is available on either an individual or joint basis. For joint coverages, the maximum number of individuals on the same policy is two and only one MPI policy can be used for a single mortgage.

If a joint policy is purchased, will each of us have to pay a premium or is it just one premium for both?

For joint coverage, the premium is the sum of the two individual premiums minus 15%.

If I made additions to my home, will the price of my MPI policy increase?

MPI is coverage against your mortgage commitment, not the physical structure of your home. However, if the Mortgage is refinanced, the MPI policy is considered terminated and you will have to purchase a new MPI policy for the new mortgage amount.

Will the premiums for MPI change?

The premium rate for this policy is guaranteed for 12 months. After the first 12 months, BF&M reserves the right to change the premium rate for this insurance coverage at any time with 30 days advanced notice to you..

What is the claims process?

Customers eligible for an MPI claim are to visit any HSBC Bermuda branch, which will act as the intermediary agent to BF&M. BF&M will contact the customer if the customer is eligible for any payable death benefit.