

Mortgage Insurance

EXAMPLE

Franklin had a \$75,900 mortgage for a term of 30 years. He died in the 25th year. Use the chart below to find the benefit of his mortgage insurance.

Percent of Mortgage Covered

Policy Year in which Death Occurs	30 Year Term	25 Year Term	20 Year Term	15 Year Term	10 Year Term
1	100%	100%	100%	100%	100%
5	94%	92%	88%	80%	66%
10	84%	77%	67%	49%	12%
15	71%	59%	41%	9%	
20	55%	36%	8%		
25	34%	7%			
30	7%				

Step 1 Read Chart

For a 30 year term mortgage,
the benefit in the 25th year is 34%

Step 2 Multiply the mortgage by 34%

$$\begin{array}{r} \$75,900 \\ \times .34 \\ \hline \$25,806 \end{array}$$

The insurance company paid a benefit of \$25,806.

Directions Find the amount paid by the insurance company in each of these situations.

	Policy Year in Which Death Occurs	Term of Mortgage	Amount of Mortgage	Benefit Paid
1.	15	20	\$50,000	_____
2.	5	25	\$45,000	_____
3.	5	20	\$85,000	_____
4.	25	30	\$132,600	_____
5.	5	10	\$10,500	_____
6.	15	25	\$101,900	_____
7.	1	20	\$32,700	_____
8.	10	25	\$87,900	_____
9.	30	30	\$145,800	_____
10.	5	15	\$52,900	_____
11.	20	25	\$98,900	_____
12.	15	30	\$123,500	_____

