

# HOW TO CHOOSE LIFE COVER FOR YOUR BOND



Applying for a home loan is an exciting time in any person's life. Preoccupied with your new beginnings, the last thing that comes to mind is what will happen in the event of your untimely death. But, while you might not be thinking about it, the financial institution with whom you're dealing certainly will be.

## **WHY DO I NEED IT?**

Life cover is the assurance most financial institutions require in order to grant you a home loan. As unpleasant

as it might sound, the institutions need to be sure that the loan amount will be repaid even in the unfortunate event of your death during your lending term. For those who are the primary income providers in their household, it also ensures that your loved ones will be provided for in the eventuality whereby you are no longer around to support them.

## **WHERE SHOULD I APPLY?**

Each bank will have their own lending requirements when it comes to life insurance policies, so buyers will need to do their homework with each financial institution carefully before deciding which policy to sign up for. To save yourself some trouble, work through a leading bond originator such as BetterBond who can advise you about the various prerequisites involved when applying for a home loan. That way, they can provide you with preapproval on your home loan so that you know exactly what you qualify for before you begin your house hunting process.

## **A SUMMARY OF THE VARIOUS REQUIREMENTS**

According to BetterBond, life cover is required by the various banks according to the following criteria: For ABSA clients, choice is somewhat limited as their Home Loan Protector Plan is compulsory at the creditor's discretion. They can however choose to forgo the Permanent Disability cover option. FNB clients have a little more freedom in this regard, as life cover is compulsory but customers may provide their own cover provided it meets the terms and conditions of the bank. For Nedbank clients, however, life cover is only compulsory on all loans of up to R600,000. Standard Bank also offers a little more leniency to their clients, insisting on life cover only on home loans with an access facility, but not on those without.

To get in touch with a BetterBond consultant, visit [www.betterbond.co.za](http://www.betterbond.co.za).