

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 6

Submitted By: [REDACTED]

Email: [REDACTED]

Phone Number: [REDACTED]

Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: No

Your submission:

I wish to raise concerns regarding the general policy position of banks for Lenders Mortgage Insurance (LMI).

My husband and I took out a home loan with [REDACTED] in 2014 and as we were borrowing around 95% of the property's value, we understood that our application would more likely be approved if we agreed to pay LMI. Our understanding of LMI was that an insurance policy to protect the bank in the event of our non payment. The amount we paid (and which was put on to our home loan) was approximately \$15,000. We weren't happy at having to pay this but understood that it was unlikely they would loan us the amount without LMI.

Prior to the recent sale of our home, I contacted [REDACTED] regarding whether we could get a partial refund of LMI as we would be selling our home and not refinancing. I was advised that a partial refund is possible only within the first twelve months of our home loan. We had the loan for four years.

An insurance policy such as LMI is in place to cover the life of the home loans (e.g. 25 years). It is my view that should a home loan be paid off earlier than the agreed term, then a partial refund for remaining years should be due. This would be similar to car insurance, where a policy premium for one year has been paid and the car is sold before the policy ends; a partial refund is given.

I am currently querying the policy position with QBE who are the LMI insurers for our loan with [REDACTED]. At this stage, they are looking into my query (they haven't give me an outright no as yet). Had I not taken this up with QBE, there would be no consideration of a partial refund as a matter of course. Presumably many home loan holders would never query it further.

Thank you for your time in considering this issue.