



## Lenders Mortgage Insurance (LMI)

LMI is insurance a lender may need to protect itself in case the borrower (or any guarantor) doesn't repay their loan in full after the property is sold.

### How does LMI help me?

LMI helps people to buy a property with a smaller deposit (usually less than 20%). Without it, you'd need to save a larger deposit. Your lender may not give you a home loan without LMI.

### Does LMI protect me?

LMI protects your lender (not you) if you're unable to repay your home loan in full after the property is sold.

### What insurance protects me if I can't repay my loan?

There are insurance solutions available to protect your ability to repay your home loan. Ask your lender or financial advisor about products like income or mortgage protection insurance.

### How is LMI paid?

When your home loan starts, your lender pays the premium to us. They may pass this cost onto you as a one-off fee or you may choose to add this cost to your home loan. The amount you pay will depend on your lender, how much you borrow, the loan purpose and the size of your deposit.

### What if I refinance?

You may need to pay LMI again for example, if you change lenders, decide to increase your loan amount or your property value has changed.

### Is LMI refundable?

Contact your lender to understand their refund arrangements. You may be entitled to a partial refund.

## What happens if I can't repay my home loan?

Contact your lender as soon as possible. They can discuss options such as pausing your home loan repayments.

## What happens if my property is sold to repay my loan?

If your property is sold for less than the amount you owe, you're still responsible for the amount remaining (known as a shortfall). Your lender can ask you to repay this shortfall.

## Can I claim on LMI?

LMI protects your lender, not you. This means only your lender can make a claim.

## What happens if the lender makes a claim?

We'll deal directly with your lender. After we pay the claim, we may ask you to start repaying the shortfall to us, not your lender.

## What if I can't pay my shortfall?

Tell us as soon as possible so we can discuss the financial help available to you.

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## Where can I find out more about LMI?

- Visit [qbe.com/lmi](https://qbe.com/lmi)
- Contact your broker, lender, or financial advisor
- [understandinsurance.com.au/types-of-insurance/lenders-mortgage-insurance](https://understandinsurance.com.au/types-of-insurance/lenders-mortgage-insurance)



## Example

Eddie borrowed money from his lender to buy a property.

His lender needed him to pay for LMI because he didn't have the required 20% deposit.

Eddie later lost his job and was unable to continue making his home loan repayments.

Eventually, the property was sold for less than the balance of the loan. This left a shortfall, which he still owed.

His lender claimed on the LMI policy, and the shortfall is paid to Eddie's lender.

We reach out to Eddie to agree how he can repay the shortfall to us, not his lender.