

Army widows in fights with banks over mortgages



Sgt. Craig Gillam was laid to rest with full military honours in South Branch, NL Saturday Oct. 14, 2006. (CP / The Gulf News-Natalie Musseau)

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HALIFAX — Widows of Canadian soldiers killed in Afghanistan are tied up in a confusing fight of their own with banks that have delayed payment of their mortgages or claim they're not covered by insurance at all because their husbands died in combat.

Several women say they've been told by their financial institutions the mortgage insurance they've spent years paying into does not apply because their spouses died while at war.

Maureen Gillam, whose husband Sgt. Craig Gillam was killed last October in a rocket attack near Kandahar, said she received a letter just days ago stating she could not benefit from her mortgage insurance because of a so-called act of war clause.

"It does anger me a bit because when I bought my car, the salesman told us right up front that there is a war clause and it wouldn't be covered," she said in a recent interview from her home in Petawawa, Ont.

"But with them, they never brought it up. They knew he was in the military, they knew this was going on, why would you even get us to pay that without mentioning it?"

Gillam, 42, said she and her husband bought the mortgage insurance policy in 2005 from Home Loans Canada through their bank, Manulife Financial. At the time, she said they made it clear Craig was in the military, but that no one informed them the policy might not apply if the Newfoundland native was killed in combat.

It was only after she and relatives began going over the family documents that they came across the exclusion clause. Still, she filed the claim only to be told in a one-page letter that she would have to continue paying the monthly mortgage of about \$450 for herself and her two teenage children.

"The policy under which insurance was issued with Home Loans Canada states that the insurer does not pay any benefit if death is due to war," the letter reads. "Given the circumstances of the late Mr. Gillam's death . . . we regret that we are unable to pay the benefits for this claim."

Mixed messages

However, hours after a reporter questioned Manulife about the issue, the bank suddenly reversed its position and determined it would pay the entirety of the mortgage.

"Manulife has decided that it will make an extra contractual payment of the amount of insurance that would have been payable if there had been no exclusion clause," Manulife spokesman Tom Nunn stated in an e-mail.

Nunn said the bank is not changing its overall policy, but could review special cases like Gillam's to determine if the exclusion should be waived.

For others, too, the process has been mired in mixed messages and stress.

Kendra Mellish, whose husband Warrant Officer Frank Mellish died last September in a firefight in Afghanistan's Panjwail district, said she was initially told she would likely not be able to collect on her mortgage insurance because of a war exclusion clause.

She pursued the issue with officials at the Bank of Montreal, who issued the policy near her home at New Brunswick's Canadian Forces Base Gagetown, and was told they'd look into it.

While awaiting an answer, Mellish, who has two children under the age of 15, was forced to continue paying her mortgage. Four months later, she says the bank revealed it had no such exclusion clause and would begin payments.

"Initially, it took a lot of work on my part and I didn't need that. I didn't need that at all," she said from Gagetown, adding that bank officials didn't notify her of any restrictions when she and her husband purchased the policy, even though they were both in the Forces.

A spokesman for the Bank of Montreal at its Toronto headquarters said he didn't believe the bank has ever had an act of war clause and said the confusion could have resulted from a misunderstanding at the local branch.

Fraser intervened

The issue became so aggravating for widowed spouses that Brig.-Gen. David Fraser, the Canadian who commanded NATO forces in southern Afghanistan for nine months last year, met with senior bank officials to sort out the matter.

Fraser, who didn't want to identify which banks he approached, became aware of the problem after women

whose husbands were killed on his watch in Afghanistan raised it when he visited them at military bases after his deployment.

"We always want to put our people first," he said in a recent telephone interview. "We met with executives from a bank in Toronto to discuss the issue and told them we wanted it changed."

Some banks appear to have modified their policies to accommodate members of the Canadian Forces.

Royal Bank of Canada normally has a war exclusion clause, but spokeswoman Beja Rodeck said officials waived it late last year for any member of the Forces killed in combat in Afghanistan "as a gesture of support for our military."

Still, there remains a confusing patchwork approach to the insurance schemes, with some banks maintaining the exclusions and others placing no restrictions on their policies.

Cpl. Kelly Dove, whose husband Warrant Officer Rick Nolan died alongside Mellish last September, said there is so much apprehension and uncertainty surrounding the policies that families at her base in Petawawa are reviewing all of their insurance agreements to make sure they're covered.

Dove, 34, was initially told her mortgage would not be paid through the policy, which officials with Scotiabank said included an exclusion clause. She claims the bank didn't inform her of the clause when it she purchased the insurance, even though both Dove and Nolan were in the military.

She and her sister-in-law sifted through all of the couple's paperwork and sent it in to the bank, which informed them after Christmas that the mortgage would be covered.

"I think we kicked up enough stink that they just looked it over and said, 'OK we'll let them have it,' " Dove, who has four children, said in an interview from Petawawa.

"I am satisfied now, but it's just upsetting to know that we had to go through such a procedure, and I hope things will change for the next tour because we know not everyone's coming home."