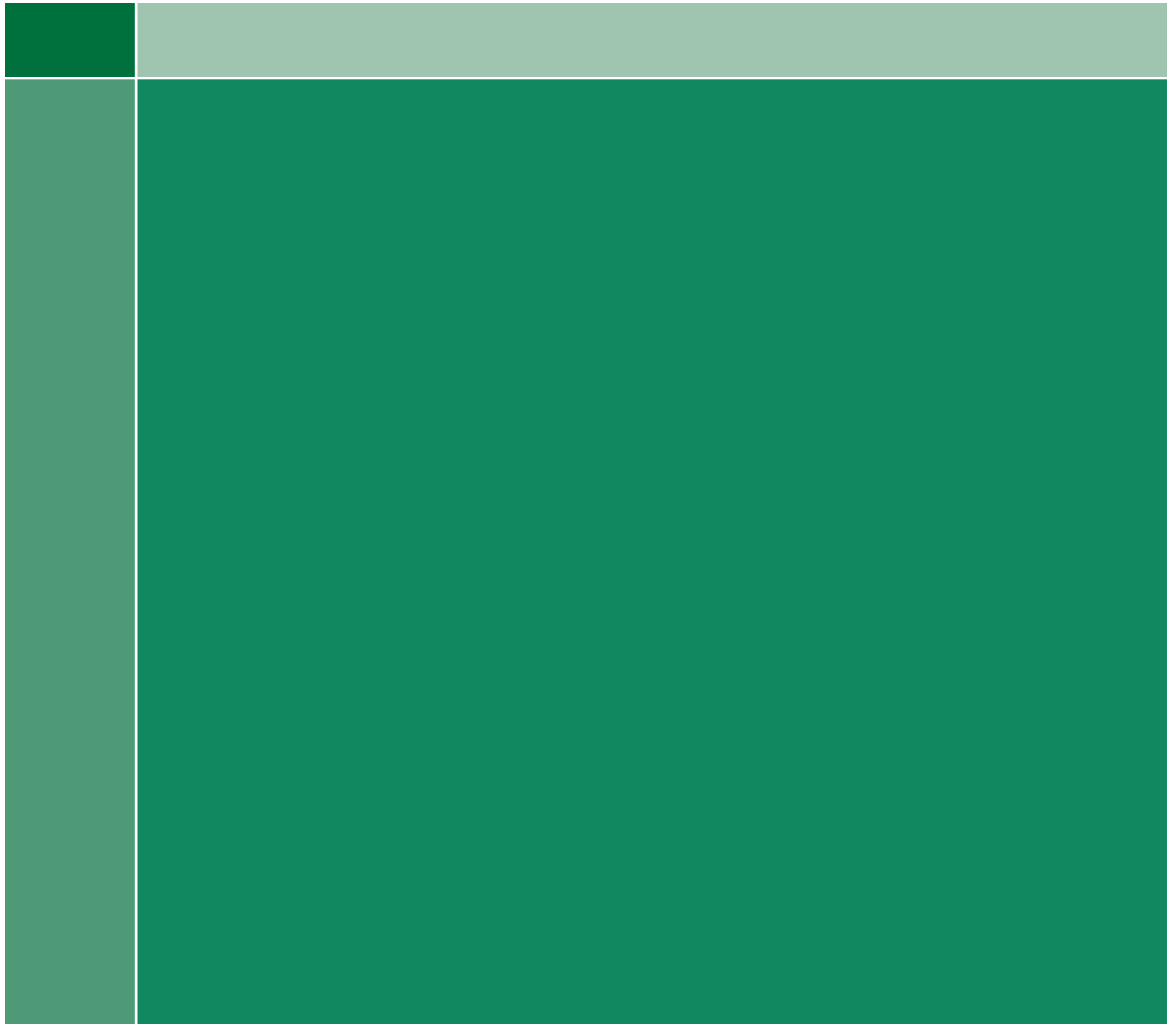




LONG-TERM CARE  
INSURANCE

EDITION 3

# 2010-2011 LTC Individual Policy Rate Action Information Guide



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## About this guide

The purpose of this guide is to provide an overview of the *retail* inforce rate action decision, answer frequently asked questions, a timeline of events and specific policies impacted. We encourage you to review it in full to help prepare you for the action and for questions you may get from your clients.

## Overview of the 2010 John Hancock LTC Claims Study

John Hancock monitors and studies claim patterns on a regular basis. We also conduct a comprehensive and extensive study that analyzes LTC insurance claim patterns and trends based on our actual claims experience every few years. Our 2010 study took an in-depth look at morbidity and termination trends. **Morbidity** is driven primarily by three factors: claims incidence, length of claims, and utilization of benefits. **Terminations** are reflective of lapse rates (when people give up their policies) and mortality (how long people are expected to live). The data from our studies is taken into account when determining product pricing and establishing claims reserves.

The 2010 study was the most comprehensive analysis ever conducted by John Hancock due to the natural maturing of our business, and our increased claims experience. The review encompassed open and closed claims, and as a result, included nearly double the claims that were included in the study three years ago and four times more data at older ages and later policy durations. It looked at all LTC insurance claims (group and individual) that took place over a 20-year period, from 1990 to 2010.

## Summary of findings

The study confirmed that, with respect to morbidity, the incidence and severity of claims were significantly higher, the duration of claims longer, and claims terminations were lower than expected. Mortality improvements observed throughout the LTC and life insurance industry have also led to more people reaching the age where claims are more likely to occur. Put simply, more people used the insurance than anticipated, reinforcing the value of the product to policyholders, but creating a pricing issue.

## Our decision

Based on this information, we will be increasing in-force premium rates on a number of policy series, subject to state acceptance. The actual increases we are requesting vary by issue age, inflation option, benefit period, and policy series. The overall average increase is about 40%<sup>1</sup>. We understand that this increase may be difficult for some of our policyholders to afford, so there will be an array of options available to minimize the size of the premium increase, and for certain policyholders, to keep premiums at or close to their current level. The LTC insurance industry is still young and just beginning to see meaningful claims experience. John Hancock has some of the deepest experience in the industry. As a responsible leader, we believe it is important to take appropriate steps such as this to meet the future needs of our claimants and ensure the ongoing health of the business.

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<sup>1</sup> Individual policyholders may be affected by a percentage higher or lower than this average, subject to state acceptance.

## About the 2010 Inforce Rate Increases

We have filed for inforce rate increases on the following Individual policy series:

Policy Series	Issue Years
<b><i>Individual Policies – with first round increases</i></b>	
Advantage NY Partnership	1992-1996
California Gold Coast Advantage	2001-2003
Custom Care I California/California Partnership	2003-2007
Custom Care II (2007 rates)	2007-2010
Custom Care II California/California Partnership	2007-2010
Custom Care II New York Partnership	2007-2010
Custom/Essential Care I	2002-2004
Custom/Essential Care I Florida 2003+	2003-2010
Custom/Essential Care II (2003 rates)	2003-2007
Fortis 7000's	2000-2002
Gold Select New York Partnership	1996-2006
<b><i>Individual Policies - with second round increases<sup>2</sup></i></b>	
Advantage	1991-1996
Fortis 4060-6063	1997-2002
Gold Select	1996-2002

The resulting premiums for all policyholders will be less than what customers would pay for a new policy today (adjusted for differences in benefits).

### Exceptions and Variations

- Increases will not be applied to policyholders currently on claim.<sup>3</sup>
- Increases will not be applied to policyholders with **original** issue ages 80 and older.
- Increases will vary by policy series, issue age, benefit period, and inflation option.
- Increases will not apply to any products that include the Automatic Annual CPI inflation option (i.e., Leading Edge and Custom Care II Enhanced).
- Policy series LTC-87, LTC-88, and LTC-90 will not be affected.
- All rate actions are subject to state acceptance.

<sup>2</sup> In states where the full 13% (JH) or 18% (Fortis) rate increase was not approved previously, the unapproved portion will be added to the 2010 filing.

<sup>3</sup> Policyholders on claim will be notified of the rate action, however will not receive any specific information, including a personalized option until the time they are no longer on claim. They will be given the same 60-day notification.

## Personalized Options for Policyholders

In the letter being sent out to your client, it will indicate that they have a Personalized Option to reduce coverage and keep premiums as close to their current payment as possible. The personalized option will consist of one of two choices.

**1. An inflation landing spot** — This will be offered to policyholders with 5% Simple or 5% Compound inflation (except for some Advantage 91 policies where the inflation was already capped after 20 years or reaching age 85). An inflation landing spot is an option that allows the policyholder to maintain their current level of premium, avoiding a premium increase altogether. The inflation landing spot option preserves the policyholder's current level of benefits (including all 5% inflation increases earned to date). Only the future inflation increases will be reduced to a lower rate (which varies by policy series). Our ability to offer inflation landing spots is dependent on state acceptance of the full rate increase that has been filed.

**2. Personalized options to reduce benefits** — This is for policyholders who are not offered an inflation landing spot, e.g., because they have GPO (or capped inflation on Advantage). The options shown will reduce either their Daily/Monthly Benefit or their Benefit Period, resulting in keeping premiums as close to their current payment as possible.

Where Contingent Nonforfeiture is triggered and where Nonforfeiture coverage was purchased, customers will be offered paid-up policies equal to their premiums paid.

*For tips on discussing the Rate Action with your clients  
refer to the Producer Training Guide.  
Download: LTC-1128*

## Frequently Asked Questions

### **1. Are you raising premiums because your policyholders/certificateholders are older and sicker now?**

No. Carriers are not permitted by the states to increase premiums for specific individuals based on their advancing age or changing health. Any increase would affect all individuals insured under the impacted policy series, except for those group insurance policyholders who may still be covered under a policy that is within its rate guarantee period. Exceptions may be made for policyholders who purchased their policies at age 80 or over.

### **2. Does the prevailing economic environment have anything to do with why you are raising inforce rates?**

No, we are raising inforce rates solely due to our morbidity and termination experience, which indicates higher than expected claims in the future.

### **3. Why can you increase rates on policies written after Rate Stabilization passed?**

The rules stipulate that rate stabilized products have to be priced with a margin for adverse experience; however if experience shows that the margin was insufficient, carriers can apply for a further rate increase, as long as the need can be demonstrated actuarially.

### **4. Will the rate increase affect policy series that have already had increases?**

Yes, unfortunately we will be increasing premiums a second time on some of our older John Hancock policy series as well as some Fortis policy series, as follows:

- Advantage
- Gold Select
- Fortis 4060-6063

The following exceptions should be noted:

- Increases will not be applied to policyholders currently on claim.\*
- Increases will not be applied to policyholders with **original** issue ages 80 and older.
- Increases will vary by policy series, issue age, benefit period, and inflation option.
- Increases will not apply to any products that include the Automatic Annual CPI inflation option (i.e., Leading Edge and Custom Care II Enhanced).
- Policy series LTC-87, LTC-88, and LTC-90 will not be affected.
- All rate actions are subject to state acceptance.

\* Policyholders on claim will be notified of the rate action, however will not receive any specific information, including a personalized option until the time they are no longer on claim. They will be given the same 60-day notification.

### **5. Why are some policies getting an additional rate increase?**

We deeply regret the need for the second increase, but our recent claims study revealed that the morbidity experience on these policies has deteriorated, indicating a need for higher than expected claims in the future. Therefore, we must increase our premiums so that we will be able to meet future claims obligations.

### **6. What provision allows carriers to increase LTCI premiums?**

All LTC insurance is written on a guaranteed renewable basis, which means that, while a company can never unilaterally change coverage or cancel it (except for nonpayment of premium), it reserves the right to change premiums, as long as the increase is applicable to all policies within the same class in a given state and is actuarially justified. Such increases must be filed with and accepted by each state in which the product was issued.

### **7. Will commissions be paid on the increase in premium?**

No. Commissions will not be paid on the amount of the premium increase.

## **8. Should I reach out to my clients now, before the state has accepted the increase?**

As you know, although we have submitted rate filings to the states, we are in the process of working with state regulators on these filings. We need to get through the state regulatory process before we begin discussing any increase with policyholders. Without the real numbers, discussion of the situation is not a responsible course of action and may create undue concern.

We do, however, agree it is important for you to be able to respond to any policyholder inquiries on this topic, to help them understand that we are still engaged in the regulatory process. Also, as you know, we have developed options for anyone who receives an actual increase to mitigate it, in some cases entirely. Below is some language for the conversation.

We will let you know as soon as we have an approved increase and how we plan to communicate that information with customers.

### **Suggested verbal communication from producer to clients with questions about rate action:**

*What you have read/heard is about a filing, not an actual increase. It is early in the process involved with formulating changes in rates. We have been in touch with John Hancock and are pleased to know that they are developing options for policyholders to modify their coverage to mitigate any potential increase or in some cases, to avoid it altogether. You will, of course, receive more information before any changes are made.*

### **Suggested verbal communication from producer to clients in a state where a rate increase has been approved.**

*John Hancock is in the planning process of implementing the rate increase in approved states. John Hancock will send affected policyholders a letter that explains the premium rate increase and summarizes the options available to them. If impacted, you will receive this letter at least 60 days prior to the effective date of your first premium increase.*

## **9. Will policyholders who are currently on claim be impacted?**

Policyholders on claim will be notified of the rate action, however will not receive any specific information, including a personalized option until the time they are no longer on claim. If they come off claim, they will be given the same 60-day notification period prior to an increase in premium.

## **10. How will producers get information about their affected clients?**

John Hancock understands the importance of keeping producers informed and will do everything possible to provide them with timely and detailed information to pertinent impacted clients. As states accept the filed increases, we will communicate via LTC Newslink and [www.jhltc.com](http://www.jhltc.com). Approximately two weeks later, we will mail producers a list of affected clients. This will happen 30 days prior to policyholder notifications. As always, producers can contact their John Hancock representatives directly for more information.

## **11. How will the in-force premium rate adjustments be communicated to policyholders and when will they be effective?**

After a state accepts a rate increase, John Hancock will send policyholders in that state a letter that explains the premium rate increase and summarizes the options available to them. The letters may vary by state. The policyholder letters will be sent a minimum of 60 days prior to the effective date of any policyholder's first premium increase. The increase in premiums will become effective on the next policy anniversary following the 60-day notification. The actual notification and effective dates will depend on state acceptance.

## **12. What happens if a policyholder pays premiums with a John Hancock single premium fixed annuity (LTC EasyPay) and the payment amount no longer matches the new premium?**

Once the annuity payment is received, there will be a shortfall due to the rate action unless the policyholder elects to reduce coverage. We will mail the policyholders a balance due bill for the shortfall amount. The single premium immediate fixed annuity cannot be modified to increase the annuity payment.

**13. Why will John Hancock be sending letters regarding the Time/Union (formally Fortis) LTCI policies?**  
In 2000, John Hancock signed an agreement to service/administer a block of Time/Union Security (formally Fortis) LTCI policies.

**14. What happens if the policyholder does not pay the increased premium?**

As stated in the contract, the policy will lapse for nonpayment of premium unless the policyholder purchased the Nonforfeiture Benefit or the contingent Nonforfeiture provision is triggered. See definition of Contingent Nonforfeiture below. However, policyholders will be offered options to adjust their coverage to keep premiums near their current level. A letter to policyholders will outline these options and provide them with a toll-free number to call for more information.

*Definition of Contingent Nonforfeiture Benefit: The NAIC Contingent Nonforfeiture Benefit provides that in the event the company increases rates by more than a specified percentage based upon the original issue age of the policyholder, the company will provide the policyholder with the opportunity to: pay the increased premium, decrease their benefits to a level supported by their current premium, or elect the Contingent Nonforfeiture Benefit. Under the Contingent Nonforfeiture Benefit, their policy will remain in force with a reduced policy limit equal to the sum of the premiums paid. This means that a reduced benefit will be payable instead of the full policy limit.*

**15. Will policyholders with upcoming GPO-type inflation offers be notified of the rate action?**

Yes. Notice of our intention to increase premiums will be included in ALL inflation offer letters to impacted John Hancock and Fortis policyholders beginning respectively in March and April 2011.

**16. Why is notice of the rate action being included in GPO-type inflation offers?**

The purpose of this notice is to provide policyholders with advance notification that we are seeking a rate increase on their policy series so they can make an informed decision regarding their inflation offer. We will provide this notice because we recognize that an upcoming rate increase may, in some cases, influence a policyholder's decision about whether to accept the inflation offer.

**17. Will the premium increase apply to riders?**

Yes.

**18. Will all affected John Hancock and Fortis policies in a given state be increased at the same time?**

Not necessarily. The timing depends on state filings and acceptances for each policies series.

**19. Will the agent of record be notified of the benefit changes that are selected by the policyholder, if any?**

The agent of record will be copied on the letter sent to the policyholder, confirming the benefit changes selected by the policyholder. This is our standard procedure when a benefit change is processed.

**20. Will lowering the policy coverage affect the tax-qualified status?**

No. The tax-qualified or grandfathered status of these policies will not be affected.

**21. If a policyholder has a DRA Partnership-qualified policy, will changing their inflation option have an affect on their Partnership status?**

For the most part, those who choose to reduce their inflation will still qualify for Partnership-status, with some state exceptions. We will confirm with all DRA Partnership states that our proposed inflation reduction meets all state and DRA Partnership requirements and will let you know of any exceptions as the filing process progresses.

**22. How does an inflation landing spot affect Partnership policies?**

Reductions in benefits below annual state-set minimums will also result in loss of Partnership status. There are certain DRA Partnership states (for example, CO and ID) with minimum inflation requirements, where the election of an inflation landing spot below such minimums may result in a loss of DRA Partnership status.

**23. Will grandfathered Partnership policyholders be allowed to reduce inflation coverage?**

Under current rules, traditional Partnership policyholders (in CA, CT, IN, and NY) cannot reduce the 5% Compound Inflation increase and retain their Partnership status. We are working with these states to allow a reduction and retain Partnership status. We will notify you of the result prior to any increases being implemented on these policies.

**24. If a policyholder purchased an LTCI policy in a state that has accepted the rate increase, but has since moved to another state that has not, will his or her premiums still increase?**

Yes. The premium increase is based on the policy form and the state in which the contract was issued, not where the policyholder currently resides.

**25. Can policyholders exchange policies for new policies?**

Yes. However, they will need to re-apply for coverage. In other words, they will have to complete a new application, go through full underwriting, and the new premiums will be based on the policyholder's attained age.

**26. Will the premium increase be applied in its entirety or will it be "phased in?"**

We will be filing with the states to apply the increase in its entirety. Some states may require a phase-in period – but we won't know that until later in the filing process.

**27. What happens if a state requires the increase to be spread over several years?**

In certain instances, states may accept the rate increase amount, but require that the rate increase be spread over a certain number of years. When this occurs, it is our expectation that your client will be offered a one-time inflation landing spot up front, based on the full percentage increase.

**28. What is a personalized option?**

A personalized option will be provided to policyholders in an effort to keep premiums as close to their current payment as possible by reducing benefits. A personalized option will consist of one of two choices – an inflation landing spot or a personalized option to reduce benefits such as Daily/Monthly Benefit and Benefit Period.

**29. What is an inflation landing spot?**

An inflation landing spot is a form of a personalized option that allows the policyholder to maintain their current level of premium, avoiding a premium increase altogether. The inflation landing spot option preserves the policyholder's current level of benefits (including all 5% inflation increases earned to date). Only the future inflation increases will be reduced to a lower rate (which varies by policy series). Our ability to offer inflation landing spots is dependent on state acceptance of the full rate increase that has been filed. The inflation landing spot is a one-time offer and is not negotiable. This will only be offered to policyholders with 5% Simple or 5% Compound inflation (except for some Advantage 91 policies where the inflation was already capped after 20 years or reaching age 85) and is subject to state acceptance.

**30. Where should my client call if they have questions about their inflation landing spot?**

Policyholders with questions about their inflation landing spot can call our dedicated help line at 877-606-7754.

**31. Where should my client call if they have questions about their personalized option to reduce benefits?**

Policyholders with questions about a reduction in their current benefits can call our dedicated help line at 877-606-7755.

**32. How will clients with Limited Pay be impacted?**

Clients with Limited Pay policies will be offered either a personalized option or an inflation landing spot.

**33. Can my client pre-pay their Limited Pay policy, as to not incur an increase?**

No, policyholder's are not able to prepay beyond the payment plan they originally selected at time of purchase.

**34. My state has required benefit minimums. How will that impact my clients' options?**

Clients with daily/monthly benefits that are already at state-required minimums will not receive a DMB personalized option. John Hancock will not reduce a client's DMB below policy design minimums. As a result, clients will need to seek alternate options to reduce their premiums, if that is their wish.

**35. Will I receive information about my impacted clients? When?**

Once a state accepts the increase, we will communicate via LTC Newslink. Approximately two weeks later you will receive a letter along with a list of affected policyholders. You will receive this approximately 30 days in advance of the policyholder notification.

**36. What will be sent to my client?**

The following items will be sent to the affected policyholder at least 60 days in advance of their upcoming policy anniversary:

- A letter that communicates the reason and need for the premium increase
- An options package that provides a summary of their coverage and explains the alternatives available
- Frequently Asked Questions
- Coverage Change Request Form.

**37. Where can I find a sample of the notification package sent to my client?**

Sample letters, options packages and forms are available to download from [www.jhltc.com](http://www.jhltc.com)>2010 Rate Action. Refer to the section "Letter Sample" on your policyholder listing for the corresponding notification package (i.e. A, B, C, etc).

## Producer tools and resources

We have prepared a number of tools to help you better understand our plans for implementing the rate action. These are the tools available to download from [www.jhltc.com](http://www.jhltc.com):

**Overview Flier** – provides the key facts of the rate action, outlines the communication process to producers and policyholders and also shows alternatives for policyholders. Download only: LTC-1093

**Rate Action Information Guide** – provides an overview of the rate action decision, frequently asked questions, a timeline of events, and a sample policyholder package. Download only: LTC-1105.

**Rate Action Producer Training Guide** – provides the various scenarios that will be offered to policyholders such as landing spots and personalized options and also gives helpful talking points to guide you through conversations with clients. Download only: LTC-1128.

**‘Landing spot’ flier** – explains how the landing spots will work, why they make sense, and how they may impact Partnership policies. Download only: LTC-1131.

**Brainshark Training Presentation** – provides an overview of the rate action, including policy series, communications and tips for talking with clients. Download: [www.jhltc.com](http://www.jhltc.com)> 2010 Rate Action.

## About John Hancock LTC insurance

John Hancock was a pioneer in the LTC insurance industry in the 1980s, and today has more than 1.3 million customers.<sup>4</sup>

Over the years John Hancock has paid more than \$3.4 billion in LTC insurance claims, and today pays more than \$1.5 million in claims per day.<sup>4</sup>

We have helped more than 47,000 families navigate the LTC insurance landscape and receive benefits to meet their long-term care needs.<sup>4</sup>

We believe in the vital role LTC insurance plays in the financial planning process and in the lives of our policyholders and their families, especially in an environment in which government programs are severely strained and the need for long-term care continues to rise dramatically.

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<sup>4</sup> Based on internal data as of 12/31/10.

Jim O'Brien  
Vice President, LTC Operations & IT  
Long-Term Care Insurance  
P.O. Box 111, R-02, Suite 1700  
Boston, Massachusetts 02117-0111



date

«Agent First Name» «Agent Last Name»

«Agent #»

«Address1»

«Address2»

«City», «State» «Zip» «Zip4»

Ref: Notice of affected LTC insurance policyholders. Rate action implementation set for **individual** <Company name> **policies in:** <state(s)>.

Dear «Agent First Name»,

As first communicated in September 2010, we have determined the need to seek a premium rate increase on some of our individual LTC insurance policy series. This is to inform you that our implementation process has begun in the state(s) referenced above. The enclosed listing provides specific details regarding each of your affected clients and the options available to help them reduce or avoid the premium increase.

Unlike our 2008 rate action, where we notified all affected policyholders once at the beginning of a state implementation, 2010 rate action policyholders will be grouped by policy anniversary month and will be notified, in waves, at least 60 days in advance of their policy anniversary. This letter pertains to your affected clients in the state(s) referenced above who will have rate increases implemented on their upcoming policy anniversary in <anniversary month year>.

Our goal is to make this as easy as possible for you and your policyholders, so we encourage you to read through the various tools available, which can help you understand the options and provide you with tips on how to guide your clients through this process. They are available at [www.jhltc.com](http://www.jhltc.com) 2010 Rate Action.

**About the enclosed policyholder listing**

The enclosed listing outlines your affected clients in the state(s) mentioned above who will start being notified in approximately 30 days.\* The listing is sorted by nearest policy anniversary and includes:

- Policyholder contact information and product details
- Current benefits and premium information
- Premium increase amount, percent, and effective date
- Inflation landing spot/personalized option and premium (if applicable)

*Note: The listing may also reflect any clients who may have been notified in the past 30 days and are still within their decision period.*

As new policyholders approach the 60-day notification period, you will receive an updated listing that includes those previously notified and still within their decision period. This will enable you to keep a running list of policyholders who will be affected in the coming months.

\*Due to administrative constraints, certain affected policyholders may not be notified of/impacted by the premium rate increase at this time and are therefore not reflected on your policyholder listing. These policyholders will be handled in the same manner as described above at a later time.

### **About the policyholder mailing**

Affected policyholders in this wave will receive notification of the premium increase and their options at least 60 days in advance of their policy anniversary. The effective dates for this wave of state implementation(s) will be in <date>.

For samples of the policyholder notification packages, please visit [www.jhltc.com](http://www.jhltc.com)>2010 Rate Action. Note the following variations:

- For those with 5% Compound/5% Simple Inflation, *see: Sample A*
- For those with Guaranteed Purchase Option (GPO) and similar inflation types, *see: Sample B*
- For any special state circumstances – such as impact to Partnership qualified policies, or instances where a state has approved an increase to be spread over multiple years, please refer to the enclosed “State Specific Details” page for more information. Samples of these letters, by state, are posted on [www.jhltc.com](http://www.jhltc.com)>2010 Rate Action.

Please note that notification packages will be customized for each policyholder, based on policy series, current benefits and available options to minimize or avoid the premium increase. In the situation where the policyholder is eligible to exercise Nonforfeiture or Contingent Nonforfeiture, or has a Limited Pay payment option, this information will be noted on the listing and the respective wording will be included in their letter.

Once policyholders receive their package, they are being encouraged to contact one of our customer service representatives. Policyholders with 5% Compound or Simple inflation will be given this number to call for questions: 877-606-7754. For all other policyholders and any producer-related questions, please call 877-606-7755. Our customer service representatives will be able to answer questions and help them make a decision that best meets their personal needs. Please note that commissions will not be paid on any changes to premium caused by this rate increase.

### **About John Hancock LTC Insurance**

As a responsible leader in the LTC insurance industry, we have concluded that this action is necessary to ensure that we are able to meet the future claims expected on these policies. We sincerely thank you for your ongoing support of John Hancock LTC insurance. Please contact your John Hancock representative with questions.

Sincerely,



Jim O'Brien  
Vice President, LTC Operations & IT

Enclosures:  
Policyholder listing

**Policyholder Listing for <<FirstName LastName>>, Agent #<<XXXXXX>>**

Policyholder  <<NAME> <<ADDRESS>> <<ADDRESS>> <<CITY, ST ZIP>>	<b>Policy &amp; Plan Information</b>				
	<b>Group#</b> <<XXX>>	<b>Policy#</b> <<XXXXXXX>>	<b>Plan</b> <<ABC Plan>>	<b>Issue State &amp; Date</b> <<YY>> <<MM/DD/YYYY>>	<b>Claim Status</b> <X>
	<b>Current Benefits</b>				
	<b>Daily /Monthly Benefit</b> \$<<XXX >>	<b>Benefit Period</b> <<X>> -Years	<b>Inflation Option</b> <<XXX>>	<b>Elimination Period</b> <<XX>> Days	<b>Optional Riders</b> <<XX>>
	<b>Limited Pay Option</b> <<XX>>	<b>Nonforfeiture</b> <<X>	<b>Contingent Nonforfeiture &amp; Policy Limit</b> <<X>> \$<<XXX>>	<b>Partnership</b> <<X>	
	<b>Premium Information</b>				
	<b>Current Premium</b> \$<<X,XXX >>	<b>Billing Mode</b> <<Annual/Monthly	<b>Increase Amount</b> \$<<XXX >>	<b>Increase Percent</b> <<XX>>%	<b>New Premium &amp; Effective Date</b> <<\$X,XXX >> <<MM/DD/YYYY>>
	<b>Landing Spot/Personalized Option</b>				
<b>Inflation Option</b> <<XX>>	<b>Daily/Monthly Benefit &amp; Premium</b> \$<<XXX >> \$<<XXX>>	<b>Benefit Period &amp; Premium</b> <<X>> -Years \$<<XXX>>	<b>Letter Sample</b> <<XXX>>		

Policyholder  <<NAME> <<ADDRESS>> <<ADDRESS>> <<CITY, ST ZIP>>	<b>Policy &amp; Plan Information</b>				
	<b>Group#</b> <<XXX>>	<b>Policy#</b> <<XXXXXXX>>	<b>Plan</b> <<ABC Plan>>	<b>Issue State &amp; Date</b> <<YY>> <<MM/DD/YYYY>>	<b>Claim Status</b> <X>
	<b>Current Benefits</b>				
	<b>Daily /Monthly Benefit</b> \$<<XXX >>	<b>Benefit Period</b> <<X>> -Years	<b>Inflation Option</b> <<XXX>>	<b>Elimination Period</b> <<XX>> Days	<b>Optional Riders</b> <<XX>>
	<b>Limited Pay Option</b> <<XX>>	<b>Nonforfeiture</b> <<X>	<b>Contingent Nonforfeiture &amp; Policy Limit</b> <<X>> \$<<XXX>>	<b>Partnership</b> <<X>	
	<b>Premium Information</b>				
	<b>Current Premium</b> \$<<X,XXX >>	<b>Billing Mode</b> <<Annual/Monthly	<b>Increase Amount</b> \$<<XXX >>	<b>Increase Percent</b> <<XX>>%	<b>New Premium &amp; Effective Date</b> <<\$X,XXX >> <<MM/DD/YYYY>>
	<b>Landing Spot/Personalized Option</b>				
<b>Inflation Option</b> <<XX>>	<b>Daily/Monthly Benefit &amp; Premium</b> \$<<XXX >> \$<<XXX>>	<b>Benefit Period &amp; Premium</b> <<X>> -Years \$<<XXX>>	<b>Letter Sample</b> <<XXX>>		

**John Hancock Life Insurance Company (U.S.A.)**

(Not licensed in New York)

Jim O'Brien  
Vice President, LTC Operations & IT

Long-Term Care Insurance  
P.O. Box 111, R-02, Suite 1700  
Boston, Massachusetts 02117-0111



**Sample Letter A**  
**5% Compound Inflation/Simple Inflation**

John Sample  
100 Any Street  
Anycity, MA 12345-6789

Date

**Ref: Policy Number XXX, Notice of long-term care insurance premium adjustment. Action may be required.**

Dear John Sample,

We are writing to notify you about an increase to your long-term care (LTC) insurance premiums.

At John Hancock, our commitment is to ensure LTC insurance benefits will be there for our policyholders when they need them most. To uphold this responsibility, we continuously monitor the experience of our inforce LTC insurance policies. After the most recent detailed analysis of our business, we have determined there is a need to increase premiums on certain policy series to reflect the future claims expected on these policies, and yours is one of those policies affected.

**Effect of increase on your premium**

Based on your current benefit selections, your premiums will increase from \$XXX.XX to \$XXX.XX, [billing frequency]. This change represents a X% increase in your premium. This new premium will be effective for premiums due on or after [next policy anniversary date]. Please note this letter is not a bill.

**Options to avoid or minimize the premium increase**

We sincerely regret having to take this action, and understand some policyholders may not be willing or able to pay the higher premium. Therefore, at this time, we are offering you an option to avoid the premium increase completely by reducing your future annual inflation rate and keeping all other benefits the same. Please refer to the enclosed 'Options Package' for more information on this as well as alternative options available to you.

**About the premium increase**

It is important to know that this premium rate increase has been submitted to and accepted by the [insert policy issue state] Insurance Department. No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. Our decision to increase premiums on certain policies is solely related to the future claims anticipated on these policies and not to the recent recession, interest rate environment, or any other investment-related reason. Please note that the pricing of our long-term care insurance policies is the sole responsibility of John Hancock, not your insurance agent. As a reminder, premium rates are not guaranteed, and could be increased again in the future.

*Continued on next page*

**Importance of LTC insurance coverage**

We believe in the importance of LTC insurance and strongly encourage you to maintain your policy and not give up the valuable protection that it provides. We remain committed to delivering on our promise to provide the most comprehensive coverage, support and service, when and where you need care.

**For questions and assistance**

If you have additional questions, please contact one of our customer service representatives at 877-606-7754. Our dedicated team is available to help you make a decision that best meets your personal needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim O'Brien", with a stylized flourish at the end.

Jim O'Brien  
Vice President, LTC Operations & IT

Enclosures:

Options Package

Coverage Change Request Form

Frequently Asked Questions

## I. Summary of your current individual LTC insurance benefits

Daily/Monthly Benefit <sup>1</sup> .....	\$XXX.XX
Benefit Period.....	XX years/Unlimited
Elimination Period.....	XX
Inflation Option.....	[5% compound /simple inflation, 5%/3% Compound Inflation*]
Optional Riders.....	XX
Current Premium (prior to increase).....	\$XXX.XX

[\*5% Compound Inflation on [daily/monthly] benefit, 3% Compound Inflation on policy limit.]

### Your premium increase

Due to the premium rate increase and based on your current benefit selections as shown above, your premiums will increase from \$XXX.XX to \$XXX.XX, [billing frequency] and will be effective for premiums due on or after [next policy anniversary date].

If you wish to keep your current coverage, you do not need to take any action other than pay the increased premium.

- If you have authorized payment via monthly electronic funds transfer through John Hancock, we will deduct the new premium from your bank account effective [next policy anniversary date].
- If your payment is via a third-party account or online banking, please contact your representative or bank prior to [next policy anniversary date] to update the payment amount.

### If you are on claim

If you are a policyholder on claim and currently not paying premium (due to the Waiver of Premium provision in your policy), you do not need to pay the higher premium. We are notifying you now of this increase in the event that your premium becomes payable in the future if you are no longer on claim. If you recover and return to premium status, you will be subject to the premium increase, and at that time we will offer you the same premium reduction alternatives that would otherwise be available to you today.

### Your options

The following pages provide options for you to avoid or minimize the premium increase by adjusting your current benefits. As you evaluate what is best for you, we also encourage you to consider the current and projected cost of care in your area, as well as how much of that amount you are willing and able to pay from your own savings. For current cost of care information specific to your area, please visit [www.johnhancocklongtermcare.com](http://www.johnhancocklongtermcare.com).

### For questions and assistance

If you have questions or need further assistance, please contact one of our customer service representatives at 877-606-7754, Monday through Friday from 8:00 a.m. – 6:30 p.m. Eastern Time. Our dedicated team is available to help you make a decision that best meets your personal needs.

> > >

<sup>1</sup> Benefits calculated as of [mm/dd/yyyy].

Long-term care insurance is underwritten by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117.

JHLTC-1209 1/11

<Policy form>

## II. Your Personalized Option to Reduce Coverage and Lower Premiums

### Avoid the premium increase by reducing your future annual inflation rate

You will be able to avoid this premium increase completely by reducing your future annual inflation rate from [5% Compound/Simple] to [X% Compound/Simple] on your next policy anniversary of [next policy anniversary date].

The reduced inflation percentage will only be applied to future inflation rate increases that will occur after the effective date of this change. All other existing benefits and previous inflation increases that have already been applied to your policy through the effective date of the inflation reduction will be maintained. Before selecting this option, please review the information below.

Note: Policyholders with Limited Pay options will see the Limited Pay text.

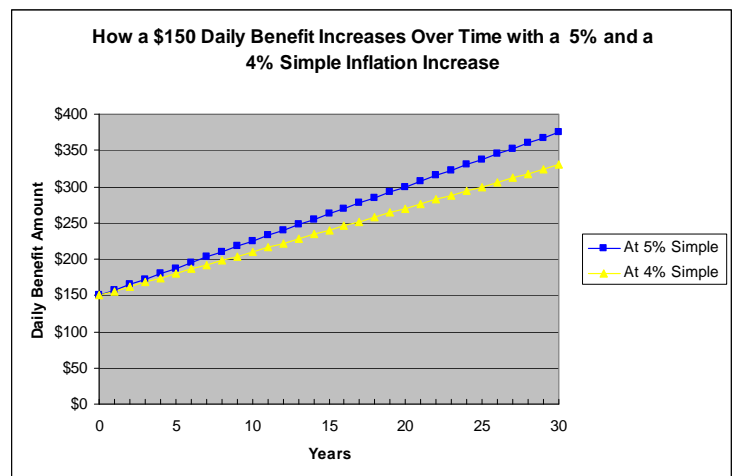
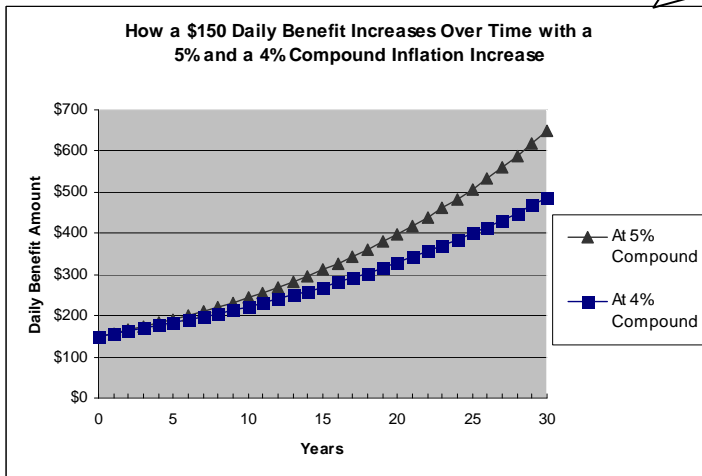
[Please note: Your policy includes a "Limited Pay" payment option. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.]

- ◆ **ACTION NEEDED BY [date]:** Select the Personalized Option on the enclosed Coverage Change Request Form and return it to the address or fax number provided if you wish to choose this option. Please note – your Personalized Option to reduce your future annual inflation and avoid the premium increase is a one-time offer. Variations of this Personalized Option are not available.

### Sample of the effect on benefits over time by reducing future inflation rate

The following is an example of how a \$150 daily benefit amount increases over the next 30 years at 5% and [4%] [annually compounding rates][simple annual increases].]

Note: Policyholders with Compound Inflation will see the Compound Inflation graph.  
Policyholders with Simple Inflation will see the Simple Inflation graph.



>>>

### III. Your Alternative Options to Reduce Coverage and Lower Premiums

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#### Reduce other current benefits

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To help mitigate the premium increase, without reducing your future inflation rate, you may also be eligible to reduce your benefits. For example, you may be eligible to:

- Reduce your current [daily][monthly] benefit\*;
- Reduce your benefit period\*;
- Increase your elimination period;
- Drop an optional rider.

\* This reduction will also result in a corresponding decrease in your Total Policy Limit.

Note: Policyholders with Limited Pay options will see the Limited Pay text.

Please note - in certain instances the ability to reduce your benefits may not be available due to state-regulated minimum benefit requirements or the available plan options. [Your policy includes a “Limited Pay” payment option. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.]

- ◆ **ACTION NEEDED BY [date]:** If you are interested in learning more about any of your Alternative Options, we recommend you contact one of our customer service representatives at 877-606-7754 to review the options in detail and the impact it will have on your premium.

Note: Nonforfeiture or Contingent Nonforfeiture will only be offered when applicable.

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#### [Exercise the Nonforfeiture Benefit, resulting in a paid-up policy with reduced benefits

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Your policy includes a Nonforfeiture Benefit, which enables you to discontinue paying premiums and provides you with a paid-up policy with reduced benefits. By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

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#### [Exercise the Contingent Nonforfeiture Benefit, resulting in a paid-up policy with reduced benefits

---

If you choose to cancel your policy within 120 days of [next policy anniversary date], we will modify your policy limit (lifetime maximum benefit amount) and convert your policy to paid-up status where no further premiums are due. Your new policy limit will be \$XXXX, which represents the sum of all premiums paid.\* By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

[The following terms apply if you choose to exercise the [Nonforfeiture][Contingent Nonforfeiture]Benefit:

- No benefits will be paid in excess of your new policy limit.
- Benefits will be paid subject to the daily/monthly benefit levels (and other coverage limits) in effect at the time you convert your policy to paid-up status.
- All optional benefit riders will automatically terminate.
- No future inflation adjustments will be made.
- All other applicable policy provisions, conditions, and limitations will remain in effect.>

- ◆ **ACTION NEEDED BY [date]:** If you decide to elect the [Nonforfeiture][Contingent Nonforfeiture] Option, please complete the enclosed Coverage Change Request Form and return it by the date provided.]

\*Calculated based on benefit amounts and on premiums paid to date as of [file extract date]. The actual Contingent Nonforfeiture benefit amount may be slightly higher as it will be calculated based on current benefits and premiums paid to date as of the effective date of your paid-up status.

Long-term care insurance is underwritten by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117.

JHLTC-1209 1/11

<Policy form>

**1. What is the policy provision that allows you to raise my premiums?**

The provision that allows for an increase in premiums can be found on the front page of your policy. Your policy indicates that, while your insurance company cannot change coverage or refuse to renew coverage for reasons other than nonpayment of premiums, the company is allowed to change or increase premiums so long as the increase applies to an entire class of policies. We are required to file premium increases on policy series, along with actuarial justification, with the department of insurance in the state where the policy was purchased.

**2. Why do you need to raise premium rates — can you explain further?**

Accurate forecasting and projecting of future claims experience on LTC insurance policies is complex in its detail and application. Many factors are considered at the time that pricing is established, such as the frequency and severity of particular medical conditions, the expected lifespan of policyholders, the length of time policies are expected to remain in force, and the cost of care, to name a few. As claims are paid, these factors can change over time. Unfortunately, the most recent detailed review of our pricing assumptions confirms that the expected claims over the life of your policy series are significantly higher today than they were expected to be when the premiums were originally determined.

**3. Have I been singled out for this rate increase because of my age or health?**

No. No individual has been singled out for an increase, nor is the increase due to a policyholder’s advancing age or changing health. Also, your state has not been singled out, as all states are included in our rate increase process.

**4. If I no longer live in the state where I purchased my policy, does the increase still apply?**

Yes. All LTC insurance policies are regulated by the original state in which they were written at the time of the purchase of the policy. That means that the state where you were residing when you purchased your policy continues to be the applicable state, even if you are now residing elsewhere.

**5. Does the prevailing economic environment have anything to do with why you are raising my premium?**

No. We are increasing premium rates solely due to our claims experience, which indicates higher-than-expected claims on your policy series in the future. State regulation does not permit in force premium rate increases that are for the purpose of bolstering the insurer’s financial position.

**6. Is there an alternative to paying higher premiums?**

Yes. We are offering several benefit reduction alternatives and, in most cases, at least one option that will enable you to keep your premiums at or close to the same level as what you are paying today. The enclosed ‘Options Package’ outlines your options. To further review these options, please contact one of our customer service representatives.

**7. What is the purpose of the enclosed Coverage Change Request Form?**

The enclosed Coverage Change Request Form need only be completed and returned to John Hancock should you decide you want to adjust your benefits or cancel your policy. Otherwise, no action is necessary on your part, as the premium rate increase will take place automatically on the policy anniversary date specified in your letter.

**8. I am currently on claim. Do I have to pay the increased premium?**

If you are a policyholder on claim and currently not paying premium (due to the Waiver of Premium provision in your policy), you do not need to pay the higher premium. We are notifying you now of this increase in the event that your premium becomes payable in the future if you are no longer on claim. If you recover and return to premium status, you will be subject to the premium increase, and at that time we will offer you the same premium reduction alternatives that would otherwise be available to you today.

**COVERAGE CHANGE REQUEST FORM**  
**Individual LTC Insurance Policy for John Sample**  
**Policy # XXX**



	MAIL	FAX
Step 1: Select an option (check the appropriate box) Step 2: Review the Agreement and Acknowledgement Step 3: Sign and date this form Step 4: Return this form by the date provided below	John Hancock LTC Coverage Election P.O. Box 111, R-02, Ste 1700 Boston, MA 02117-0111	John Hancock LTC Coverage Election 877-606-7771

**Your Personalized Option** — Avoid the premium increase by reducing your future annual inflation rate  
 Your future inflation rate will be reduced from X% to Y% on your upcoming policy anniversary of [next policy anniversary date]. **This will result in no premium increase.**

**Alternative Options**

*One or more of the following can be selected. Please call for more information if you are interested in any of these options. [In some instances, certain changes are subject to state and/or Partnership regulatory benefit minimum requirements.]*

- Reduce your [Daily/Monthly] Benefit from \$XXX to \$ \_\_\_\_\_ \*
- Reduce your Benefit Period from XXX to \_\_\_\_\_ \*
- Increase your Elimination Period from XXX to \_\_\_\_\_
- Remove the following optional rider(s) from your policy: \_\_\_\_\_

- Exercise the Nonforfeiture Benefit available on your policy]
- Exercise the Contingent Nonforfeiture Benefit available on your policy]
- Cancel your policy. This change will be effective immediately.]

Note – Nonforfeiture or Contingent Nonforfeiture will only be offered when applicable

\* This reduction will also result in a corresponding decrease in your Total Policy Limit.

**Agreement and Acknowledgement**

I understand that my benefits and/or premium for those benefits will change based upon the option(s) I select.  
 I understand that premium rates are not guaranteed and may be increased again in the future if I am among the group of policyholders whose premiums are determined to be inadequate.  
 If I select an option(s) to change my coverage, I understand that, within 30 days of the date this change becomes effective, I may cancel the change in my coverage and return to my original coverage at the increased premium level.  
 I understand the policy change(s) I selected above. By signing below, I agree that any change(s) other than cancelling my policy, will be effective on my next policy anniversary provided this form is received by John Hancock by that date.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

**Please return this form using the enclosed postage paid return envelope by: [date]**

**John Hancock Life Insurance Company (U.S.A.)**

(Not licensed in New York)

Jim O'Brien  
Vice President, LTC Operations & IT  
Long-Term Care Insurance  
P.O. Box 111, R-02, Suite 1700  
Boston, Massachusetts 02117-0111



**Sample Letter B**  
**Guaranteed Purchase Option (GPO) &**  
**Similar Inflation Types**

John Sample  
100 Any Street  
Anycity, MA 12345-6789

Date

Ref: Policy Number XXX, **Notice of long-term care insurance premium adjustment. Action may be required.**

Dear John Sample,

We are writing to notify you about an increase to your long-term care (LTC) insurance premiums.

At John Hancock, our commitment is to ensure LTC insurance benefits will be there for our policyholders when they need them most. To uphold this responsibility, we continuously monitor the experience of our inforce LTC insurance policies. After the most recent detailed analysis of our business, we have determined there is a need to increase premiums on certain policy series to reflect the future claims expected on these policies, and yours is one of those policies affected.

**Effect of increase on your premium**

Based on your current benefit selections, your premiums will increase from \$XXX.XX to \$XXX.XX, [billing frequency]. This change represents a X% increase in your premium. This new premium will be effective for premiums due on or after [insert next policy anniversary date]. Please note this letter is not a bill.

**Options to minimize the premium increase**

We sincerely regret having to take this action, and understand some policyholders may not be willing or able to pay the higher premium. Therefore, at this time, we are offering you options that will enable you to minimize the premium increase. Please refer to the enclosed "Options Package" for more information.

**About the premium increase**

It is important to know that this premium rate increase has been submitted to and accepted by the [insert policy issue state] Insurance Department. No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. Our decision to increase premiums on certain policies is solely related to the future claims anticipated on these policies and not to the recent recession, interest rate environment, or any other investment-related reason. Please note that the pricing of our long-term care insurance policies is the sole responsibility of John Hancock, not your insurance agent. As a reminder, premium rates are not guaranteed, and could be increased again in the future.

*Continued on next page*

Long-term care insurance is underwritten by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117.

**Importance of LTC insurance coverage**

We believe in the importance of LTC insurance and strongly encourage you to maintain your policy and not give up the valuable protection that it provides. We remain committed to delivering on our promise to provide the most comprehensive coverage, support and service, when and where you need care.

**For questions and assistance**

If you have additional questions, please contact one of our customer service representatives at 877-606-7755. Our dedicated team is available to help you make a decision that best meets your personal needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim O'Brien", with a stylized flourish at the end.

Jim O'Brien  
Vice President, LTC Operations & IT

Enclosures:

Options Package

Coverage Change Request Form

Frequently Asked Questions

## I. Summary of your current individual LTC insurance benefits

Daily/Monthly Benefit <sup>1</sup> .....	\$XXX.XX
Benefit Period.....	XX years/Unlimited
Elimination Period.....	XX
Inflation Option.....	GPO
Optional Riders.....	XX
Current Premium (prior to increase).....	\$XXX.XX

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### Your premium increase

Due to the premium rate increase and based on your current benefit selections as shown above, your premiums will increase from \$XXX.XX to \$XXX.XX, [billing frequency] and will be effective for premiums due on or after [next policy anniversary date].

If you wish to keep your current coverage, you do not need to take any action other than pay the increased premium.

- If you have authorized payment via monthly electronic funds transfer through John Hancock, we will deduct the new premium from your bank account effective [next policy anniversary date].
- If your payment is via a third-party account or online banking, please contact your representative or bank prior to [next policy anniversary date] to update the payment amount.

### If you are on claim

If you are a policyholder on claim and currently not paying premium (due to the Waiver of Premium provision in your policy), you do not need to pay the higher premium. We are notifying you now of this increase in the event that your premium becomes payable in the future if you are no longer on claim. If you recover and return to premium status, you will be subject to the premium increase, and at that time we will offer you the same premium reduction alternatives that would otherwise be available to you today.

### Your options

The following pages provide options for you to minimize the premium increase by adjusting your current benefits. As you evaluate what is best for you, we also encourage you to consider the current and projected cost of care in your area, as well as how much of that amount you are willing and able to pay from your own savings. For current cost of care information specific to your area, please visit [www.johnhancocklongtermcare.com](http://www.johnhancocklongtermcare.com).

### For questions and assistance

If you have questions or need further assistance, please contact one of our customer service representatives at 877-606-7755, Monday through Friday from 8:00 a.m. – 6:30 p.m. Eastern Time. Our dedicated team is available to help you make a decision that best meets your personal needs.

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<sup>1</sup> Benefits calculated as of [mm/dd/yyyy].

Long-term care insurance is underwritten by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117.

JHLTC-1209 1/11

<Policy form>

## II. Options to Reduce Coverage and Lower Premiums

### Reduce your current benefits for a lower premium

To help mitigate the premium increase, you may be eligible to reduce your benefits. For example, you may be eligible to:

- Reduce your current [daily][monthly] benefit\*;
- Reduce your benefit period\*;
- Increase your elimination period;
- Drop an optional rider.

\* This reduction will also result in a corresponding decrease in your Total Policy Limit.

Please note - in certain instances the ability to reduce your benefits may not be available due to state-regulated minimum benefit requirements or the available plan options.

[Important: Your policy includes a “Limited Pay” payment option. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.]

- ◆ **ACTION NEEDED BY [date]:** If you are interested in learning more about any of your options, we recommend you contact one of our customer service representatives at 877-606-7755 to review the options in detail and the impact it will have on your premium.

Note: Policyholders with Limited Pay options will see the Limited Pay text.

Note: Nonforfeiture or Contingent Nonforfeiture will only be offered when applicable

### Exercise the Nonforfeiture Benefit, resulting in a paid-up policy with reduced benefits

Your policy includes a Nonforfeiture Benefit, which enables you to discontinue paying premiums and provides you with a paid-up policy with reduced benefits. By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

### Exercise the Contingent Nonforfeiture Benefit, resulting in a paid-up policy with reduced benefits

If you choose to cancel your policy within 120 days of [next policy anniversary date], we will modify your policy limit (lifetime maximum benefit amount) and convert your policy to paid-up status where no further premiums are due. Your new policy limit will be \$XXXX, which represents the sum of all premiums paid.\* By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

[The following terms apply if you choose to exercise the [Nonforfeiture][Contingent Nonforfeiture] Benefit:

- No benefits will be paid in excess of your new policy limit.
- Benefits will be paid subject to the daily/monthly benefit levels (and other coverage limits) in effect at the time you convert your policy to paid-up status.
- All optional benefit riders will automatically terminate.
- No future inflation adjustments will be made.
- All other applicable policy provisions, conditions, and limitations will remain in effect.>

- ◆ **ACTION NEEDED BY [date]:** If you decide to elect the [Nonforfeiture][Contingent Nonforfeiture] Option, please complete the enclosed Coverage Change Request Form and return it by the date provided.]

\*Calculated based on benefit amounts and on premiums paid to date as of [file extract date]. The actual Contingent Nonforfeiture benefit amount may be slightly higher as it will be calculated based on current benefits and premiums paid to date as of the effective date of your paid-up status.

**1. What is the policy provision that allows you to raise my premiums?**

The provision that allows for an increase in premiums can be found on the front page of your policy. Your policy indicates that, while your insurance company cannot change coverage or refuse to renew coverage for reasons other than nonpayment of premiums, the company is allowed to change or increase premiums so long as the increase applies to an entire class of policies. We are required to file premium increases on policy series, along with actuarial justification, with the department of insurance in the state where the policy was purchased.

**2. Why do you need to raise premium rates — can you explain further?**

Accurate forecasting and projecting of future claims experience on LTC insurance policies is complex in its detail and application. Many factors are considered at the time that pricing is established, such as the frequency and severity of particular medical conditions, the expected lifespan of policyholders, the length of time policies are expected to remain in force, and the cost of care, to name a few. As claims are paid, these factors can change over time. Unfortunately, the most recent detailed review of our pricing assumptions confirms that the expected claims over the life of your policy series are significantly higher today than they were expected to be when the premiums were originally determined.

**3. Have I been singled out for this rate increase because of my age or health?**

No. No individual has been singled out for an increase, nor is the increase due to a policyholder’s advancing age or changing health. Also, your state has not been singled out, as all states are included in our rate increase process.

**4. If I no longer live in the state where I purchased my policy, does the increase still apply?**

Yes. All LTC insurance policies are regulated by the original state in which they were written at the time of the purchase of the policy. That means that the state where you were residing when you purchased your policy continues to be the applicable state, even if you are now residing elsewhere.

**5. Does the prevailing economic environment have anything to do with why you are raising my premium?**

No. We are increasing premium rates solely due to our claims experience, which indicates higher-than-expected claims on your policy series in the future. State regulation does not permit in force premium rate increases that are for the purpose of bolstering the insurer’s financial position.

**6. Is there an alternative to paying higher premiums?**

Yes. We are offering several benefit reduction alternatives and, in most cases, at least one option that will enable you to keep your premiums at or close to the same level as what you are paying today. The enclosed ‘Options Package’ outlines your options. To further review these options, please contact one of our customer service representatives.

**7. What is the purpose of the enclosed Coverage Change Request Form?**

The enclosed Coverage Change Request Form need only be completed and returned to John Hancock should you decide you want to adjust your benefits or cancel your policy. Otherwise, no action is necessary on your part, as the premium rate increase will take place automatically on the policy anniversary date specified in your letter.

**8. I am currently on claim. Do I have to pay the increased premium?**

If you are a policyholder on claim and currently not paying premium (due to the Waiver of Premium provision in your policy), you do not need to pay the higher premium. We are notifying you now of this increase in the event that your premium becomes payable in the future if you are no longer on claim. If you recover and return to premium status, you will be subject to the premium increase, and at that time we will offer you the same premium reduction alternatives that would otherwise be available to you today.

**COVERAGE CHANGE REQUEST FORM**  
**Individual LTC Insurance Policy for John Sample**  
**Policy # XXX**



	MAIL	FAX
Step 1: Select an option (check the appropriate box) Step 2: Review the Agreement and Acknowledgement Step 3: Sign and date this form Step 4: Return this form by the date provided below	John Hancock LTC Coverage Election P.O. Box 111, R-02, Ste 1700 Boston, MA 02117-0111	John Hancock LTC Coverage Election 877-606-7771

**Your Options — Minimize the premium increase by reducing your benefits**

*One or more of the following can be selected. Please call for more information if you are interested in any of these options. [In some instances, certain changes are subject to state and/or Partnership regulatory benefit minimum requirements.]*

- Reduce your [Daily/Monthly] Benefit from \$XXX to \$\_\_\_\_\_\*
- Reduce your Benefit Period from XXX to \_\_\_\_\_\*
- Increase your Elimination Period from XXX to \_\_\_\_\_
- Remove the following optional rider(s) from your policy: \_\_\_\_\_
- Exercise the Nonforfeiture Benefit available on your policy]
- Exercise the Contingent Nonforfeiture Benefit available on your policy]
- Cancel your policy. This change will be effective immediately.]

Note: Nonforfeiture or Contingent Nonforfeiture will only be offered when applicable

\* This reduction will also result in a corresponding decrease in your Total Policy Limit.

**Agreement and Acknowledgement**

I understand that my benefits and/or premium for those benefits will change based upon the option(s) I select.  
 I understand that premium rates are not guaranteed and may be increased again in the future if I am among the group of policyholders whose premiums are determined to be inadequate.  
 If I select an option(s) to change my coverage, I understand that, within 30 days of the date this change becomes effective, I may cancel the change in my coverage and return to my original coverage at the increased premium level.  
 I understand the policy change(s) I selected above. By signing below, I agree that any change(s) other than cancelling my policy, will be effective on my next policy anniversary provided this form is received by John Hancock by that date.

\_\_\_\_\_  
**Signature** \_\_\_\_\_ **Date**

**Please return this form using the enclosed postage paid return envelope by: [date]**

## State-specific implementation details and timing

Once we have received state approvals, we will notify you via LTC Newslink and on [www.jhltc.com](http://www.jhltc.com) with the policies affected, amount of the increase, the timing of producer and policyholder mailings and effective dates. Please keep in mind that policyholder mailings will be done monthly on a rolling schedule, at least 60 days prior to the clients' upcoming policy anniversary.

Samples of the notification package your client will receive are available to download from [www.jhltc.com](http://www.jhltc.com). Please refer to the section "Letter Sample" on your policyholder listing for the corresponding notification package (i.e. A, B, C, etc).

### Implementation as of 3/11/11:

State	Impacted policies	State-specific Details	Producers Sent PH List	PH Notification Begins	First policy anniversary
<i>John Hancock policies<sup>5</sup></i>					
Alabama	Advantage, Classic, Gold, Custom Care I & II, Essential Care I & II	One-time rate increase	Late March	Late April	7/1/11 + later
Alaska	same	One-time rate increase	same	same	same
Ohio	same	One-time rate increase	same	same	same
Montana	same	See note below	same	same	same
<i>Fortis policies</i>					
Ohio	Time Series: 4060-4063, and 4072 Union Series: 6060, 6063, 6072, 6073, 7060 and 7062	One-time rate increase	same	same	same
Montana	same	See note below	same	same	same

**In Montana:** The rate increase will be implemented over a two-year period. The maximum allowed in the first year is 40%. For policies with more than a 40% increase, the remaining amount will be implemented in the second year.

<sup>5</sup> We are in the process of moving some products that exist on both of our administrative systems (such as Advantage Gold) from our older system to our newer system, to support landing spot processing. Therefore, we will be handling the rate increases for those products at a later date and will keep you informed via LTC Newslink. Once we are ready to implement the rate increase for those policyholders, you will receive notifications and policyholder lists and the standard communication process will be followed.