



Special Edition: Important update on our Individual and Group LTC insurance products

LTC NEWSLINK

THE LATEST NEWS AND IDEAS TO GROW YOUR LTCI BUSINESS

September 20, 2010

This is to inform you of a number of developments with regard to our individual and group long-term care (LTC) insurance product portfolio.

Following a recent comprehensive study of our LTC insurance claims that we are in the process of finalizing, John Hancock has determined that there is a need to seek a premium rate increase on some of our individual and group LTC insurance policy series. The average increase we will be seeking across the affected policy series is about 40%, and this will vary depending on the policy series, issue age, inflation option and benefit period. All rate increases will be subject to state acceptances.

We recognize that this increase may be difficult for some policyholders to afford, so there will be an array of options to adjust benefits to keep premiums at or close to their current level. For example, policyholders who purchased automatic 5% compound or 5% simple inflation coverage will be offered reduced inflation coverage (subject to state acceptance) which will allow them to avoid the increase completely. Customers can also reduce their benefit period, adjust their daily/monthly benefit amount, extend their elimination period, or drop riders from their coverage.

The need for this increase is based on the morbidity and termination experience of our inforce policies, which indicates higher than expected claims in the future. As a leader in the LTC insurance industry, we believe it is important to take responsible actions such as these in order to ensure the ongoing health of our business and to meet the needs of our policyholders in the long term.

Individual LTC Policies

The 2010/2011 inforce rate increase will affect most of our individual product portfolio, excluding the Leading Edge and Custom Care II Enhanced products. The rate increase will vary depending on the policy series, issue age, inflation option and benefit period. It should be noted that even with the increase, the resulting premiums for all policyholders will be less than what customers would pay for a new policy today (adjusted for differences in benefits). Please note that policyholders whose premiums are currently being waived will be informed of but not affected by the increase while on waiver.

Timing

In late September 2010, we will begin filing the proposed individual increases with the state departments of insurance. Policyholders will be informed of their increases with sufficient advance notice, following the required state review and acceptance process. We anticipate our first rollout of approved states will begin with notifications to policyholders in January 2011 and first effective dates in April 2011. State rollouts will continue throughout the year.

We will provide you with full details, along with talking points and training tools, as we get further along with the regulatory review process and before any increases are implemented.

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Long-term care insurance is underwritten by John Hancock Life & Health Insurance Company, Boston, MA 02117;

John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117 (licensed in all states except New York; permitted in New York to service existing insureds and clients, including accepting new enrollments).

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More information and tools

We have prepared the [2010-2011 LTC Individual Policy Rate Action Information Guide \(LTC-1105\)](#), which we hope you will find helpful. It includes:

- a list of policy series affected
- frequently asked questions (FAQ)
- a tentative timeline of events and communications throughout 2010-2011

Group LTC Policies

This is the first time since entering the LTC insurance business in 1987 that we have had to seek a premium increase on any of our inforce group LTC insurance policies. John Hancock is currently conducting an analysis to finalize which group policy series will require an increase, as well as the potential increase levels. We expect to conclude this analysis by the end of October and at that time we will be reaching out to brokers and our clients to inform those who are affected of the increases, the options we will provide insureds, and expected timing of implementation.

This is also to inform you that, effective immediately, we have decided to temporarily suspend new group sales activity (including Care Choice, Corporate Choice and Corporate Solutions) while we re-evaluate our current small and large group product pricing and design in the current economic environment. **IMPORTANT:** If you have a Care Choice, Corporate Choice or Corporate Solutions sale nearing completion, please contact your John Hancock representative by Friday, September 24, 2010, to discuss the status of your case.

Please contact your John Hancock representative with any questions you may have.