

November 8, 2019

John Hancock has completed another comprehensive long-term care experience study, which we generally conduct every three years and which examines the usage trends for our insured population. The new data demonstrates lower than expected claim terminations during the elimination/waiting period and an updated view of future mortality and morbidity improvements, partially offset by favorable incidence as policyholders are filing claims at a lower rate than expected. In short, we anticipate having to pay more claims in the future than previously expected. Based on that data, we have determined that there is a need to increase premiums on certain policy series.

We will soon begin filing for an increase of premiums on certain individual long-term care policy series. We will be requesting an average increase of approximately 30% across most of our LTC insurance business. This amount assumes that we were permitted to implement the full amount of the increases we have requested in the past. The actual amount requested will vary by state based on the amount and timing of previous rate increases. Increases will also vary depending on the policy series, issue age, inflation option, and benefit period. All proposed rate increases will be filed with state insurance regulators and will only be implemented in a particular state once we are permitted to do so.

### Options to Mitigate the Increase

We will continue to offer benefit adjustment options to help insureds mitigate the impact of the rate increase, including two premium neutral options; the Shared Cost option and reduced inflation landing spots. The Shared Cost option, if elected, will reduce a policyholder's daily or monthly benefit and overall policy limit by their personalized shared cost percentage and introduce a coinsurance element equal to their personalized shared cost percentage. Insureds who originally purchased 5% compound or simple inflation coverage may be offered a reduced inflation coverage amount (reduced inflation landing spot option). Both options are subject to rate increase approval and state acceptance. Customers can also reduce their benefit period, adjust their daily/monthly benefit amount, extend their elimination period, or drop riders from their coverage.

### Timing

Starting next month, we will begin filing with the state departments of insurance the proposed increases for most of our individual product portfolio. Once we are permitted to proceed with implementation of a rate increase in a particular state, John Hancock will send affected policyholders a letter that explains the premium rate increase and summarizes the options available to them, about 90 days prior to the effective date of the premium increase. We will continue to provide you with lists of affected clients in each state and sample letters in advance of the policyholder mailing, as well as any other pertinent state-specific variations. More details will be available soon, including a complete list of the impacted policy series.