

# NewsLink >>>

THE LATEST LTC UPDATES FROM JOHN HANCOCK

October 26, 2020

## Next round of in-force rate action notifications to take place in late November

In late November, we will begin policyholder notifications on the next round of John Hancock and Fortis policies impacted by the in-force rate actions, which will have an effective date beginning with anniversaries on or after **March 1, 2021**.

### 2019 RATE ACTION

#### **JOHN HANCOCK**

John Hancock LTCI individual policies originally issued in **Kentucky, North Dakota and South Dakota** are impacted

### 2016 RATE ACTION

#### **JOHN HANCOCK**

John Hancock LTCI individual policies originally issued in **Hawaii, Louisiana and Minnesota** are impacted. We will continue the implementation of the 2016 rate increase for policyholders in **Iowa, Minnesota and New Jersey** who received an initial “capped” or “phased-in” increase.

#### **FORTIS**

Fortis LTCI individual policies originally issued in **Louisiana** are impacted. We will continue the implementation of the 2016 rate increase for policyholders in **Connecticut** who received an initial “capped” or “phased in” increase.

### 2013 RATE ACTION

#### **JOHN HANCOCK**

We will continue the implementation of the 2013 rate increase in **Maryland** for John Hancock LTCI individual policyholders who have received an initial “phased in” increase.

### COMMUNICATIONS TIMELINE

Producer Notification Package (with listing of impacted policyholders)	10/27/2020
Policyholder Notification Package (at least 90-day notification)	11/23/2020
Policy Anniversary (rate increase effective date)	3/1/2021

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Policyholders impacted by the rate actions will be grouped by policy anniversary month and will be notified in waves, at least 90 days in advance of their policy anniversary. You will receive a list of impacted policyholders in waves once implementation begins in a state. Note: State policyholder drops will be spread out over several weeks to help manage service demands, but you will always be notified approximately 4 weeks in advance of any policyholder mailing.

**Please Note:** As a reminder, producer notification packages are available online through our e-Delivery program. You can view your current notification packages by visiting [www.jhsaleshub.com](http://www.jhsaleshub.com) and registering for access to your online documents.

## Implementation Information

Beginning in late November, we will be sending notifications to policyholders who are impacted by the 2019 and 2016 rate actions, while continuing to send notifications to policyholders impacted by the 2013 and 2010 rate actions. Your policyholder listing will identify the applicable rate action along with any specific details on the rate increase amounts and state implementations, such as a capped or phased-in increase.

## **IMPORTANT: New Options Available to Policyholders impacted by the 2019 and 2016 rate actions**

For certain policies with anniversaries beginning January of 2020, John Hancock is offering two new options for policyholders to help mitigate the effects of the 2019 and 2016 premium rate increases (subject to state approval or acceptance and rate increase approval):

- **Shared Cost Option**

Eligible policyholders will have a one-time opportunity to offset the rate increase by electing a personalized shared cost option which will reduce their current daily or monthly benefit and their policy limit by their shared cost percentage and introduce a coinsurance feature where the customer will pay their shared cost percentage of their covered service expenses. John Hancock will pay the remainder of the covered service expenses, but only up to and no more than the new daily or monthly maximum benefit amount and new overall policy limit.

**Electing the shared cost option will allow the policyholder to keep their premiums at their current levels while preserving more value in their policy compared to reducing their daily or monthly benefit or benefit period to keep their premiums at their current levels.**

- **Paid-Up Policy Option**

Eligible policyholders will be offered the paid-up policy option which, similar to a nonforfeiture benefit, will convert their policy to a paid-up status. No further premiums will be due, and their policy limit will be modified. The new policy limit will be equal to the lesser of the current policy limit or 150% of all premiums paid into the policy since issue, minus any benefits paid.

John Hancock will continue to offer “**inflation landing spots**” as part of the 2019 rate action implementation (subject to state approval or acceptance and rate increase approval) to policyholders with automatic compound or simple inflation, where eligible, (not available to policies with CPI compound inflation). **Accepting the landing spot will allow them to keep their premiums and benefits at their current levels, but will reduce the amount of inflation protection going forward.** Policyholders who accepted the landing spot in connection with a prior rate action may be offered an additional landing spot.

Policyholders with CPI Compound and GPO-style inflation and those who are not eligible for an inflation landing spot will be offered other benefit reduction options to help mitigate the increase. Please see pages 6 and 7 of this communication for more information about the rate action process.

### **JOHN HANCOCK AND FORTIS\* POLICIES IMPACTED**

State & Company	Impacted Policy Series**	2019 Approval & Implementation Details
North Dakota John Hancock	Gold Custom/Essential Care II Custom/Essential Care II (2007)	<ul style="list-style-type: none"> <li>• Increase capped at 30% for Gold policyholders</li> <li>• Increase approved in full for Custom/Essential Care II and Custom Care II (2007) policyholders</li> <li>• Landing spots will be offered to eligible policyholders</li> <li>• Shared Cost Option will be offered to eligible policyholders</li> <li>• DRA Partnership state<sup>1</sup></li> </ul>
South Dakota John Hancock	Gold Custom/Essential Care Custom/Essential Care II Custom/Essential Care II (2007)	<ul style="list-style-type: none"> <li>• Full approval</li> <li>• Landing spots will be offered to eligible policyholders</li> <li>• Shared Cost Option will be offered to eligible policyholders</li> <li>• DRA Partnership state<sup>2</sup></li> </ul>
Kentucky John Hancock	Advantage Gold Custom/Essential Care Custom/Essential Care II Custom/Essential Care II (2007)	<ul style="list-style-type: none"> <li>• Increase capped for Advantage policyholders <ul style="list-style-type: none"> <li>○ 10% for policyholders with no inflation</li> <li>○ 25% for policyholders with inflation</li> </ul> </li> <li>• Increase capped at 5% for Gold policyholders</li> <li>• Increase capped at 10% for Custom/Essential Care policyholders</li> <li>• Increase approved in full for Custom/Essential Care II and Custom/Essential Care II (2007)</li> <li>• Landing spots will be offered to eligible policyholders</li> <li>• Shared Cost Option will be offered to eligible policyholders</li> </ul>

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State & Company	Impacted Policy Series**	2016 Approval & Implementation Details
Hawaii John Hancock	Gold Custom/Essential Care II	<ul style="list-style-type: none"> <li>• Increase capped at 18.7% for all Gold policyholders</li> <li>• Increase capped at 8.1% for Custom/Essential Care II policyholders</li> <li>• Landing spots will not be available</li> <li>• Shared Cost Option will not be available</li> </ul>
Iowa John Hancock	Advantage Gold Custom/Essential Care Custom/Essential Care II Custom Care II Enhanced (2008 & 2010)	<ul style="list-style-type: none"> <li>• Phase 3 (final) of 2016 increase (15% maximum per year)</li> <li>• Landing spots will not be available</li> <li>• Shared Cost Option will not be available</li> <li>• DRA Partnership state<sup>3</sup></li> </ul>
Louisiana John Hancock	Advantage Gold Custom/Essential Care Custom/Essential Care II Custom/Essential Care II (2007)	<ul style="list-style-type: none"> <li>• 2016 Supplemental Increase</li> <li>• Increase capped at 20% for all policyholders</li> <li>• Landing spots will be offered to eligible policyholders</li> <li>• Shared Cost Option will be offered to eligible policyholders</li> <li>• DRA Partnership state<sup>1</sup></li> </ul>
Minnesota John Hancock	Advantage Gold Custom/Essential Care	<ul style="list-style-type: none"> <li>• Increase will be phased-in for all Advantage and Gold policyholders (15% max per year for 4 years). Grading amount varies by issue age and policy series. Details will be provided in your producer notification.</li> <li>• Increase capped at 22% for Custom/Essential Care and phased in over 2 years, with 15% increase in the first year</li> <li>• Landing spots will only be offered to eligible policyholders in the first year of the rate increase</li> <li>• Shared Cost Option will only be offered to eligible policyholders in the first year of the rate increase</li> <li>• DRA Partnership state<sup>2</sup></li> </ul>

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State & Company	Impacted Policy Series**	2016 Approval & Implementation Details (continued)
Minnesota John Hancock	Custom/Essential Care II Custom Care II (2007)	<ul style="list-style-type: none"> <li>Phase 3 (final) of 2016 increase (15% maximum per year)</li> <li>Landing spots will not be available</li> <li>Shared Cost Option will not be available</li> <li>DRA Partnership state<sup>3</sup></li> </ul>
New Jersey John Hancock	Gold Custom/Essential Care Custom/Essential Care II Custom Care II (2007) Custom Care II Enhanced (2008 & 2010)	<ul style="list-style-type: none"> <li>Phase 3 (final) of the capped 2016 increase:</li> <li>Capped amount and maximum amount per year varies by policy series. Details will be provided in your producer notification</li> <li>Landing spots will not be available</li> <li>Shared Cost Option will not be available</li> <li>DRA Partnership state<sup>3</sup></li> </ul>
Louisiana Fortis	Time II 4060s	<ul style="list-style-type: none"> <li>Increase capped at 25% for all policyholders</li> <li>Landing spots will not be available</li> <li>Shared Cost Option will not be available</li> </ul>
Connecticut Fortis	Time II 4060s Union 6060s & 7060s	<ul style="list-style-type: none"> <li>Phase 2 of the capped 2016 increase capped at 50% and phased-in over 3 years</li> <li>Capped amount and maximum amount per year varies by policy series. Details will be provided in your producer notification</li> <li>Landing spots will not be available</li> <li>Shared Cost Option will not be available</li> </ul>
State & Company	Impacted Policy Series**	2013 Approval & Implementation Details
Maryland John Hancock	Gold	<ul style="list-style-type: none"> <li>Phase 2 of 2013 supplemental increase #2</li> <li>Increase will be phased-in (12% maximum per year)</li> <li>Landing spots will not be available</li> </ul>

\* Fortis company name refers to policies underwritten by Time Insurance Company, Union Security Insurance Company, and the Union Security Life Insurance Company of New York which are being serviced and administered by John Hancock.

\*\*There may be certain products under the listed policy series not currently impacted, details will be provided in your policyholder listing.

<sup>1</sup>DRA Partnership state – Louisiana, North Dakota – There is no minimum floor for inflation percentage and Partnership eligibility. Therefore, there is no landing spot impact to Partnership eligibility.

<sup>2</sup>DRA Partnership state – Minnesota, South Dakota – Certain policyholders may be offered landing spots below the minimum floor, resulting in a loss of Partnership status. Details will be provided in the policyholder notification package.

<sup>3</sup>DRA Partnership state – Iowa, Minnesota, New Jersey – Due to the capped or subsequent phase of the implementation, landing spots will not be available. Therefore, there is no impact to Partnership eligibility.

## Producer Notification Package

You will receive a package about 4 weeks before any impacted policyholder will be notified. This package provides details regarding each of your affected clients in the first wave of mailings and the options available to help them to reduce or avoid the premium increase. Each time you receive a policyholder listing, it will include policyholders who will be impacted in the next wave of mailings. **Note:** If you do not receive a policyholder listing for any given month, it simply means that you do not have any affected clients for that month. As a reminder, producer notification packages are now available online through our e-Delivery program. You can now view your current notification packages by visiting [www.jhsaleshub.com](http://www.jhsaleshub.com) and registering for access to your online documents.

Once policyholders receive their package, they are encouraged to contact one of our customer service representatives at **888-654-6582** or visit the John Hancock Rate Action Information Center at [www.jhinfocenter.com](http://www.jhinfocenter.com). Our customer service representatives will be able to answer questions and help policyholders make decisions that best meet their personal needs. Producer-related questions can also be directed to **888-654-6582**.

## Policyholder Notification Packages

Policyholders who are impacted by the rate action will be notified at least 90 days in advance of their upcoming policy anniversary. The notification package will include:

- Letter about the rate action
- Options Package
- Frequently Asked Questions
- Coverage Change Request Form

**Note regarding policyholders on claim:** If your client is on claim or has had recent claim activity, they will receive a letter notifying them of the rate action but will not be impacted at this time. A sample of this letter can be found on [www.jhsaleshub.com](http://www.jhsaleshub.com).

## General Information

### Rate Increase

- The specific percentage increase for an individual policyholder is based on policy series, original issue age, benefit period, and inflation option, as well as issue state.
- For the 2019, 2016 and 2013 rate actions, increases will apply to policyholders of all issue ages. For the 2010 rate action, rate increases will **not** apply to policyholders with an original issue age 80 and older, unless otherwise noted in the impacted policy section above.
- Policyholders on claim or with recent claim activity will be notified of the rate action; however, they will **not** be impacted until they are no longer on claim. Once off claim, they will receive specific information regarding the rate action, including a personalized option, and will be given the same 90-day notification.

### Personalized Options (subject to state approval or acceptance and rate increase approval)

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- Shared Cost Option: Eligible policyholders will be offered a shared cost option - a personalized percentage which, if elected, will reduce the policyholder's current daily or monthly benefit and overall policy limit by the offered percentage and introduce a coinsurance feature where the customer will pay their shared cost percentage of their covered service expenses. John Hancock will pay the remainder of the covered service expenses, but only up to and no more than the new daily or monthly maximum benefit amount and new overall policy limit. The shared cost option will be offered to policyholders with automatic and GPO style inflations and will be offered in conjunction with inflation landing spots or other personalized options (daily or monthly benefit and benefit period reductions), where eligible.
- Inflation rate reduction: Policyholders with automatic compound or simple inflation may be offered an "inflation landing spot." \* A landing spot is a reduction in the inflation percentage amount for future inflation increases applied to the benefit amount and policy limit. Accepting the landing spot allows the policyholder to keep their premium at its current level and allows them to preserve the increase in benefits already accrued to date. The landing spot is not available in most states in which the rate increase is capped for policyholders with automatic inflation.

\*Some Advantage policies, when implemented, have limited (maximum of 20 years) 5% inflation; for these policies, a landing spot is not applicable. Landing spots are also not available to policies with CPI compound inflation, or to policyholders who elect to switch their inflation coverage after issue to automatic inflation at a fixed amount (where allowed by product/state).

- Other personalized options will be shown in the notification package to those policyholders not being offered an inflation landing spot. The options shown will be a reduction of either their daily/monthly benefit or their benefit period (or some combination thereof) that results in keeping their premiums as close to their current premiums as possible. These personalized options are based on the policyholder's current level of coverage, as well as state/product minimum required benefit amounts. Policyholders may have additional options to reduce benefits and may call John Hancock for more details or to obtain a quote. **Note:** There may be some situations that prohibit personalized options from being illustrated in the package. For those situations, policyholders will be encouraged to call John Hancock for their options.

## Notes

- Inflation landing spots and shared cost percentages may not be modified, as they have been filed with the state at a set rate.
- Policyholders will be given at least 90 days' notice of their rate increase, but if they are going to make a change to their policy, we recommend that they decide 30 days before their anniversary date, which will allow us time to process the change before their bill with the higher premium goes out.