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THE LATEST LTC UPDATES FROM JOHN HANCOCK

August 21, 2020

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

In late September, 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 **January 1, 2021**.

2019 RATE ACTION

JOHN HANCOCK

John Hancock LTCI individual policies originally issued in **Michigan, New Mexico** and **Wisconsin** are impacted

2016 RATE ACTION

JOHN HANCOCK

John Hancock LTCI individual policies originally issued in **Pennsylvania** are impacted. We will continue the implementation of the 2016 rate increase for policyholders in **Wisconsin** who received an initial “capped” or “phased-in” increase.

FORTIS

Fortis LTCI individual policies originally issued in **Delaware, Kentucky, Louisiana** and **Pennsylvania** are impacted.

2013 RATE ACTION

FORTIS

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

COMMUNICATIONS TIMELINE

Producer Notification Package (with listing of impacted policyholders)	8/24/2020
Policyholder Notification Package (at least 90-day notification)	9/28/2020
Policy Anniversary (rate increase effective date)	1/1/2021

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LTC Newslink 8/20

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Page 1

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 and registering for access to your online documents.

Implementation Information

Beginning in late September, 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, as applicable. 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 5 and 6 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
Michigan John Hancock	Advantage Gold Custom/Essential Care Custom/Essential Care II Custom Care II (2007)	<ul style="list-style-type: none"> • Increase approved in full • Landing spots will be offered to eligible policyholders • Shared Cost Option will be offered to eligible policyholders • DRA Partnership state¹
New Mexico John Hancock	Advantage Gold Custom/Essential Care Custom/Essential Care II Custom Care II (2007)	<ul style="list-style-type: none"> • Increase capped for all policyholders: <ul style="list-style-type: none"> ○ 13% cap for Custom Care II (2007) ○ 15% cap for all other policy series • Landing spots will not be offered • Shared Cost Option will not be offered
Wisconsin John Hancock	Custom/Essential Care Custom/Essential Care II	<ul style="list-style-type: none"> • Increase approved in full • Landing spots will be offered to eligible policyholders • Shared Cost Option will be offered to eligible policyholders
State & Company	Impacted Policy Series**	2016 Approval & Implementation Details
Pennsylvania John Hancock	Advantage Gold	<ul style="list-style-type: none"> • Increase capped for all policyholders <ul style="list-style-type: none"> ○ 9% cap for policies issued prior to September 16, 2002 ○ 20% cap for policies issued on or after September 16, 2002 • Landing spots will not be available • Shared Cost Option will not be available

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LTC Newslink 8/20

MLINYXXXXXX

Page 3

State & Company	Impacted Policy Series**	2016 Approval & Implementation Details (continued)
Wisconsin John Hancock	Advantage	<ul style="list-style-type: none"> Phase 2 of 2016 rate increase (10% max/2 years) Landing spots will not be available Shared Cost Option will not be available DRA Partnership state²
Delaware Union	Union 6060s & 7060s	<ul style="list-style-type: none"> Increase capped for all policyholders Increase will be phased in (20% max per year for 3 years) Landing spots will be offered to eligible policyholders Shared Cost Option will be offered to eligible policyholders
Kentucky Union	Union 6060s & 7060s	<ul style="list-style-type: none"> Increase capped at 45% for all policyholders Increase will be phased-in (30% max per year) Landing spots will not be available Shared Cost Option will not be available
Louisiana Union	Union 6060s	<ul style="list-style-type: none"> Increase capped at 25% for all policyholders Landing spots will not be available Shared Cost Option will not be available
Pennsylvania Time II and Union	Time II 4060s & 4070s Union 6030s, 6060s, 6070s & 7060s	<ul style="list-style-type: none"> Increase capped at 20% for all Time II policies Increase capped for all Union policies: <ul style="list-style-type: none"> 20% cap for all 6000 series 10% cap for all 7060 series issued prior to September 16, 2002 20% cap for all 7060 series issued on or after September 16, 2002 Landing spots will not be available Shared Cost Option will not be available
State & Company	Impacted Policy Series**	2013 Approval & Implementation Details
Michigan Time and Union	Time 4060s Union 6060s & 6070s	<ul style="list-style-type: none"> Final phase (6) of the 2013 rate increase (20% max/year) Landing spots will not be available Shared Cost will not be available

* 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.

¹DRA Partnership state – Michigan – There is no minimum for inflation percentage. Therefore, there is no landing spot impact to Partnership eligibility.

²DRA Partnership state – Wisconsin – The state has a minimum inflation percentage of 3%. Any policyholder who elects a landing spot below 3% will lose Partnership eligibility.

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LTC Newslink 8/20

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Page 4

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 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. 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.

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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LTC Newslink 8/20

MLINYXXXXXX

Page 5

- 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.