NewsLink
THE LATEST LTC UPDATES FROM JOHN HANCOCK

April 24, 2020

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

In late May, 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 **September 1, 2020.**

2016 RATE ACTION

JOHN HANCOCK
John Hancock LTCI individual policies originally issued in **Missouri** are impacted. We will continue the implementation of the 2016 rate increase for John Hancock LTCI individual policyholders in **Iowa, Georgia, Minnesota** and **New York** who have received an initial "capped" increase.

FORTIS
Fortis LTCI individual policies originally issued in **Iowa, New Hampshire** and **New York** are impacted.

2013 RATE ACTION

JOHN HANCOCK
We will continue the implementation of the 2013 rate increase in **Massachusetts** for John Hancock LTCI individual policyholders who have received an initial "phased-in" increase.

FORTIS
We will continue the implementation of the 2013 rate increase in **Massachusetts** and **Missouri** for Fortis LTCI individual policyholders who have received an initial "phased-in" increase.

COMMUNICATIONS TIMELINE

Producer Notification Package (with listing of impacted policyholders)	4/28/2020
Policyholder Notification Package (at least 90-day notification)	5/26/2020
Policy Anniversary (rate increase effective date)	9/1/2020

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 May, we will be sending notifications to policyholders who are impacted by the 2016 rate action, 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.

Please note - following a more recent analysis of our business in 2019, we have determined a need for an additional premium rate increase, which has been or will be filed. Although the final amount and timing of the additional rate increase to be implemented is not known at this time, we currently expect to request an average increase of approximately 30% across all of our policy series. Please note, the increase amount we currently expect to request is an average. Your clients' individual increase amount will vary and may change as part of the regulatory review process.

IMPORTANT: New Options Available to Policyholders impacted by the 2016 rate action

For certain policies with anniversaries beginning January of 2020, John Hancock is planning to offer two new options for policyholders to help mitigate the effects of the 2016 premium rate increase (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 2016 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.

2016 & 2013 RATE ACTIONS: JOHN HANCOCK AND FORTIS POLICIES IMPACTED

State & Company	Impacted Policy Series*	2016 Approval & Implementation Details

Georgia
John Hancock
	Advantage
	Gold
	Custom/Essential Care
	Custom/Essential Care II
	Custom Care II (2007)
		• 2016 supplemental increase
		  ○ Full approval for Custom Care II (2007)
		  ○ Increase capped at 15% for all other policy series
		• Landing spots will be offered to Custom/Essential Care II policyholders
		• Shared Cost will be offered to Custom/Essential Care II and Custom Care II (2007) policyholders
		• DRA Partnership state[1]

Iowa John Hancock	Advantage	• Phase 2 of the 2016 rate increase (15% max/year) • Landing spots will not be available • Shared Cost will not be available
Minnesota John Hancock	Leading Edge	• Final phase (2) of the 2016 rate increase (15% max/year) • Landing spots will not be available • Shared Cost will not be available • DRA Partnership state[2]
Missouri John Hancock	Advantage Gold	• Increase approved in full • Landing spots will be offered to eligible policyholders • Shared Cost will not be available

State & Company	Impacted Policy Series*	2016 Approval & Implementation Details (continued)
New York John Hancock (Partnership and non-Partnership)	Advantage Gold Custom/Essential Care Custom/Essential Care II Custom Care II (2007)	• 2016 supplemental increase capped for all policies ○ All Advantage and Gold policies capped at 15% ○ All Custom and Essential Care policies capped at 10% • Landing spots will not be available • Shared Cost will not be available • New York Partnership rules require Partnership policies to maintain a minimum daily/monthly benefit amount set by the state each year. More details will be provided in your producer notification
Iowa Fortis	Union 6060s & 7060s	• Increase capped at 39% and will be phased-in over 2 years • Landing spots will be offered to 7060 series policyholders only • Shared Cost will be offered to 7060 series policyholders only
New Hampshire Fortis	Time II 4060s Union 6060s & 7060s	• Full approval, with attained age caps based on the attained age of the policyholder. Cap amount ranges from 10%-50%. • Landing spots will not be available • Shared Cost will not be available
New York Fortis	Union 4060s	• Increase capped at 15% • Landing spots will not be available • Shared Cost will not be available
State & Company	**Impacted Policy Series***	**2013 Approval & Implementation Details**
Massachusetts John Hancock	Advantage Gold	• Final phase (4) of the capped 2013 increase • Landing spots will not be available • Shared Cost will not be available
Massachusetts Fortis	Time II 4060s & 4070s Union 6060s & 7060s	• Final phase (4) of the capped 2013 increase • Landing spots will not be available • Shared Cost will not be available

State & Company	Impacted Policy Series*	2013 Approval & Implementation Details (continued)
Missouri Fortis	Time II 4060s Union 6060s & 7060s	• Final phase (6) of the 2013 increase • Landing spots will not be available • Shared Cost will not be available

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

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

[2]DRA Partnership state – Minnesota - 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 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.

Producer Tools and Resources

John Hancock recognizes the importance of keeping you well-informed throughout the rate action process. As such, we have developed the following tools for the **2016** rate action. They are available to download from www.jhsaleshub.com > My Business > Long-Term Care > Tools > Rate Action.

- **2016 Rate Action Overview Flier** – provides a high-level summary of the rate action.
- **2016 Rate Action Information Guide** – provides detailed reasons for the rate action, the policy series affected, a timeline, and some discussion points you can use with your clients.
- **Shared Cost/Paid Up Policy Option Flier** – provides details on the new options for policyholders to help mitigate the increase; the Shared Cost Option and the Paid-Up Policy Option
- **Sample Policyholder Packages**

Similar tools for the **2013 and 2010** rate actions are also available to download from 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 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)

- 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.