



# Important: LTC Product Announcements

LTC NEWSLINK

THE LATEST NEWS AND IDEAS TO GROW YOUR LTCI BUSINESS

May 7, 2010

Throughout the spring and summer, we will be implementing a number of changes to our individual LTC insurance product portfolio in response to the challenging economic environment and trends. John Hancock is committed to LTC insurance and to ensuring that our products meet the needs of our distributors and clients today and in the long-term. Please click [here](#) for an overview of all of the upcoming changes and read below for complete details.

## PRODUCT CHANGES

### LEADING EDGE DISCONTINUED

Effective June 7, 2010, we are streamlining our product portfolio by discontinuing Leading Edge sales (except in FL) and focusing our resources entirely on Custom Care II Enhanced, which now includes many of the same features as Leading Edge, including the popular CPI-linked inflation option.

Corporate Solutions will continue to be available on the Leading Edge product platform, with new business rates being introduced on June 7, 2010, in approved states. (See 'Corporate Solutions')

#### Administrative process

We will continue to issue Leading Edge policies for all applications signed on or before June 6, 2010 and received in the home office by June 21, 2010. No exceptions will be made. Any applications signed/received after these dates will not be processed.

### PREFERRED DISCOUNT REDUCED

Effective June 7, 2010, in approved states, we will lower our Preferred discount from 15% to 10%, to more appropriately address the impact of lower mortality on Preferred risks. We will reduce the Preferred discount cap for partners from 40% to 35% if both approved, and from 30% to 25% for one approved.

#### Administrative process

In approved states (see 'Chart A' under Pricing changes), the following cutoff dates apply:

Applications must be signed by	Applications must be received by	New discount will apply
On or before June 6, 2010	June 21, 2010	June 7, 2010

### ADJUSTMENT TO COMPENSATION FOR SUBSTANDARD RISK CASES

Effective August 2, 2010, we will be taking a new approach to commissions on Substandard policies sold, whereby compensation on these policies will be calculated based on the Standard premium.

#### Administrative process

All applications must be signed on or before August 1, 2010 and received in the home office by September 1, 2010 to receive the current commission rate.

Applications must be signed	Applications must be received by	New commissions apply
On or before August 1, 2010	September 1, 2010	August 2, 2010

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## ELIMINATION OF LIFETIME BENEFIT PERIOD

Effective June 7, 2010, we will eliminate the Lifetime (unlimited) benefit option on Custom Care II Enhanced in all states, and from Custom Care II in Tennessee. Less than 4% of policies sold today include the Lifetime benefit period.

### Administrative process

We will continue to issue Custom Care II Enhanced policies in these states with the current rates, discounts, and if applicable the Lifetime Benefit Period for all applications signed on or before June 6, 2010 and received in the home office by June 21, 2010. No exceptions will be made. Any applications signed/received after these dates will not be processed; the client will have to choose a different benefit period.

Applications with Lifetime must be signed	Applications with Lifetime must be received by
On or before June 6, 2010	June 21, 2010

## UPDATED CLAIMS GUIDELINES ON INDEPENDENT CARE PROVIDERS

Effective July 1, 2010, on all NEW Custom Care II Enhanced (and Custom Care II in TN) policies being sold, we will update our claims guidelines to reinforce the importance of proper caregiver training and/or prior work experience, and to help ensure our claimants receive proper care at an appropriate cost when they are at home. The new guidelines for the approval of Independent Care Providers will apply:

- Removing the option to have an Independent Caregiver Assessment
- Clarifying prior work experience requirements (must have relevant experience as nurses aide for 12 months within past 5 years)
- Clarifying that independent caregivers who are not licensed or certified and who do not satisfy the prior work experience criteria complete a training course *with a specified curriculum including 75 hours of classroom training and 16 hours of clinical training*. Policyholders or family members who are interested in the training option will be referred to our caregiver support services vendor, CHCS, who will provide suggestions for appropriate training in the policyholder's area.

Please note that we will continue to allow anyone, except family members or someone who normally resides with the insured, to be qualified as an independent caregiver as long as they otherwise meet the guidelines.

For all policies issued prior to July 1, 2010, we will honor the Guidelines that were in place at the time of sale. But where training is requested, the new training requirements will apply and where prior work experience is indicated, the new clarifications will apply.

## IMPACT OF PRODUCT CHANGES ON APPLICATIONS AND MARKETING MATERIALS

As the result of these product changes, we will be revising the application booklets in all states to reflect the removal of the Lifetime Benefit Period on June 7, 2010. We will also be introducing new product and training materials to support these changes. More information regarding applications, marketing and training materials will be made available in upcoming editions of Newslink.

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## PRICING CHANGES

### NEW BUSINESS RATES ON CUSTOM CARE II ENHANCED

Effective June 7, 2010, in approved states, new business rates will be adjusted to more accurately reflect the current economic environment and the latest claims trends. Premium adjustments will vary by age, inflation protection, and the benefit period selected. You will see a modest adjustment of about 5%, on average to CPI rates, and a greater increase of an average 32% on 5% compound inflation plans, which reflects the higher levels of risk associated with fixed-rate, guaranteed benefit increases. In addition, 5% simple plans are increasing an average 19%, and GPO plans an average 6%. Please click [here](#) to see competitive price points.

As additional states approve the new rates you will be notified via Newslink 14 days in advance of the effective date. Please note: individuals who previously purchased Custom Care II Enhanced policies are not affected by these new rates.

#### CHART A: Initial states impacted by CCIE new business rates and reduced discount (as of 4/30/10)

Alabama	Iowa	Louisiana	Montana	Utah
Delaware	Idaho	Maine	Nebraska	West Virginia
District of Columbia	Illinois	Michigan	Oklahoma	Wyoming
Georgia	Kentucky	Mississippi	South Dakota	

#### Illustrating new Custom Care II Enhanced rates

On June 7, 2010, you will be able to illustrate the new rates in these states on eHansel. For those using Hansel, you will be able to download the update (v. 12.2) from [www.jhltc.com](http://www.jhltc.com). Details regarding revised rate cards will be provided in the coming weeks.

### STATE-SPECIFIC PRICING ACTIONS

We will temporarily suspend the sale of the following products in the states below until our new pricing is approved. Please note we are working closely with these states to get the new pricing approved and rolled out as soon as possible:

**California\*:** Custom Care II, Custom Care II Partnership, and Corporate Solutions. (effective June 7, 2010).

**Florida:** Custom Care will be withdrawn, but Leading Edge will remain in Florida until the new Custom Care II Enhanced product is approved there. (effective June 7, 2010)

**New York\*:** Partnership plan only (effective June 21, 2010)

**Puerto Rico:** Essential Care II (effective June 7, 2010)

\* John Hancock continues to be a participating insurer in the California and New York Partnership programs, and is committed to these programs. We will resume sales of Partnership plans in these states as soon as possible.

#### Administrative process for all pricing changes

Applications for Custom Care II Enhanced (in approved states for the June 7, 2010 rollout) and for the above-mentioned products must be signed on or before June 6, 2010 and received in the home office by June 21, 2010, *except in New York where applications must be signed on or before June 20, 2010 and received in the home office by July 5, 2010*. No exceptions will be made. Any applications signed/received after these dates will not be processed. Also, producers should discontinue use of any related applications or marketing materials for the affected products in CA, FL, NY and PR as of the dates provided.

Applications must be signed	Applications must be received by
On or before June 6, 2010	June 21, 2010

#### In New York:

Applications must be signed	Applications must be received by
On or before June 20, 2010	July 5, 2010

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## CORPORATE SOLUTIONS CHANGES

Effective June 7, 2010, we will implement new business rate adjustments on Leading Edge for Corporate Solutions, in the states listed below. You will see a modest adjustment of about 5% on average to CPI rates, a greater increase of an average 32% on 5% compound inflation plans, and an average of 19% on GPO plans. As additional states approve the new rates you will be notified via Newslink 14 days in advance of the effective date.

### **CHART B: Initial states impacted by Leading Edge new business rates and reduced discount for Corporate Solutions (as of 4/30/10)**

Alabama	Iowa	Louisiana	Montana	Utah
Delaware	Idaho	Maine	Nebraska	West Virginia
District of Columbia	Illinois	Michigan	Oklahoma	Wyoming
Georgia	Kentucky	Mississippi	South Dakota	

#### **Administrative process**

We will continue to issue Corporate Solutions Leading Edge policies at the old rates for all applications signed on or before June 6, 2010 and received in the home office by June 21, 2010. Any Corporate Solutions applications signed after June 6, 2010 will result in policies issued at the new higher rates. No exceptions will be made.

#### **Illustrating new Corporate Solutions rates**

On June 7, 2010, you will be able to illustrate the new rates in these states on eHansel.

#### **Corporate Solutions marketing and training materials**

As the result of these product changes, we will be introducing new product and training materials. More information regarding marketing and training materials will be made available in an upcoming edition of Newslink.

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Should you have any questions on the upcoming changes to our individual LTC product portfolio, please contact your John Hancock representative.