

December 27, 2018

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

In late January, 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 **May 1, 2019**.

2016 RATE ACTION

JOHN HANCOCK

John Hancock LTCI individual policies originally issued in **Georgia, Louisiana, Missouri, New Jersey, Ohio, Pennsylvania** and **Wisconsin** are impacted. We will continue the implementation in **Connecticut** for John Hancock LTCI individual policyholders who have received an initial “phased-in” increase. Also impacted are John Hancock LTCI individual Interstate Compact approved policies in **Tennessee**.

2013 RATE ACTION

JOHN HANCOCK

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

FORTIS

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

COMMUNICATIONS TIMELINE

| | |
|--|------------|
| Producer Notification Package (with listing of impacted policyholders) | 12/31/2018 |
| Policyholder Notification Package (at least 90-day notification) | 1/28/2019 |
| Policy Anniversary (rate increase effective date) | 5/1/2019 |

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.

IMPORTANT: Implementation Information

Beginning in late January, 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.

Similar to prior rate actions, John Hancock is planning to offer “inflation landing spots” as part of the 2016 rate action implementation (subject to state acceptance). Landing spots are innovative solutions offered by John Hancock to policyholders with automatic compound or simple inflation coverage (not available to policies with CPI compound inflation). **Accepting the landing spot will allow them to retain the current premium rates and benefit amounts, 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 4 and 5 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 |
|---|---|---|
| Connecticut John Hancock (Partnership & Non-Partnership) | Advantage Gold Custom Care Custom Care II (2007) | <ul style="list-style-type: none"> • Phase 2 of the capped 2016 increase (phased-in over 3 years) • Capped at 50% for Advantage & Gold policies • Capped at 40% for Custom Care policies • Capped at 25% for Custom Care II (2007) policies • Landing spots will not be available • Connecticut Traditional Partnership rules require minimum benefit levels for certain policyholders. More details will be provided in your producer notification package |
| Georgia John Hancock | Leading Edge | <ul style="list-style-type: none"> • Increase capped at 18% • Landing spots will not be available • DRA Partnership state¹ |

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| State & Company | Impacted Policy Series* | 2016 Approval & Implementation Details (continued) |
|--|---------------------------------------|---|
| Louisiana John Hancock | Leading Edge | <ul style="list-style-type: none"> • Increase capped at 10% • Landing spots will not be available • DRA Partnership state¹ |
| Missouri John Hancock | Leading Edge | <ul style="list-style-type: none"> • Full approval • Landing spots will not be available |
| New Jersey John Hancock | Advantage | <ul style="list-style-type: none"> • Increase capped at 9.2% and phased-in over 2 years • Landing spots will not be available • DRA Partnership state¹ |
| Ohio John Hancock | Leading Edge | <ul style="list-style-type: none"> • Increase capped at 15% • Landing spots will not be available • DRA Partnership state¹ |
| Pennsylvania John Hancock | Leading Edge | <ul style="list-style-type: none"> • Increase will be phased-in at 20% max per year • Landing spots will not be available • DRA Partnership state² |
| Tennessee John Hancock | Custom Care III | <ul style="list-style-type: none"> • Increase capped at 10% • Landing spots will not be available • DRA Partnership state¹ |
| Wisconsin John Hancock | Leading Edge | <ul style="list-style-type: none"> • Full approval • Landing spots will not be available • DRA Partnership state² |
| State & Company | Impacted Policy Series* | 2013 Approval & Implementation Details |
| California John Hancock Partnership | Gold Custom Care Custom Care II | <ul style="list-style-type: none"> • Phase 3 (final) of the 2013 increase (capped at 15%) • Landing spots will not be available • California Traditional Partnership rules require minimum benefit levels for certain policyholders. More details will be provided in your producer notification package |

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LTC Newslink 12/18

| State & Company | Impacted Policy Series* | 2013 Approval & Implementation Details (continued) |
|--------------------------|---|---|
| Maryland John Hancock | Gold Custom/Essential Care | <ul style="list-style-type: none"> • Phase 2 of 2013 supplemental increase #2 (phased-in over 3 years) <ul style="list-style-type: none"> ○ 12% max per year for Gold policies ○ 15% max per year for Custom/Essential Care policies • Landing spots will not be available |
| Illinois Fortis | Time 4060s & 4070s Union 6060s & 6070s | <ul style="list-style-type: none"> • Phase 2 of 2013 increase (35% max per year) • Landing spots will not be available |
| Minnesota Fortis | Time 4060s Union 6060s & 7060s | <ul style="list-style-type: none"> • Phase 3 (final) of the 2013 increase • Landing spots 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.

¹DRA Partnership state – Georgia, Louisiana, New Jersey, Ohio, Tennessee - Due to the capped implementation, landing spots will not be available. Therefore, there is no impact to Partnership eligibility.

²DRA Partnership state – Pennsylvania, Wisconsin – Because landing spots will not be available, there is no impact to Partnership status

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 in any given month, it simply means that you do not have any affected clients in 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

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LTC Newslink 12/18

- 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.
- **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

- **Inflation rate reduction:** Policyholders with automatic compound or simple inflation will 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 5% automatic inflation (where allowed by product/state).

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LTC Newslink 12/18

Page 5

Other personalized options will be shown in the notification package to those policyholders who do not have automatic inflation (i.e. GPO-style inflation offers). 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

- Landing spots 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.