



Long-term care insurance –
why you may need it & how it works
Seminar and Sales Presentation

John Hancock – A name people know and trust

- One of the most experienced LTC insurance providers in the industry^{*}
- More than 20 years in LTC insurance
- More than 1.3 million LTC insurance policyholders^{**}
- More than \$3.4 billion in LTC claims paid^{**}
- Financial strength ratings among the highest in the insurance industry^{***}

^{*}Based on Life Insurance Management Research Association (LIMRA) year-end, 2010.

^{**}Based on John Hancock internal data from 1987- 2010. Total includes individual and group LTC insurance, and the Federal Long Term Care Insurance Program. Information available from John Hancock upon request.

^{***}Based on analysis by major rating agencies, such as A.M. Best, Fitch Ratings, Standard & Poor's, and Moody's. Financial strength ratings measure the Company's ability to honor its financial commitments and are subject to change. The ratings are not an assessment or recommendation of specific policy provisions, premium rates or practices of the insurance company. To view our most current financial ratings, please go to www.johnhancockLTC.com.

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Protecting your financial security and your family's well-being

- What is long-term care?
- The benefits of long-term care (LTC) insurance
- Coverage and features in John Hancock's LTC insurance policies

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What is long-term care?

- Long-term care is the type of assistance you would need if you:
 - Are Chronically Ill and unable to handle some of the basic activities of daily living (ADLs) on your own
 - OR
 - Require substantial supervision due to a significant cognitive impairment

What are activities of daily living?

- Activities of daily living (ADLs) include:
 - Eating
 - Bathing
 - Dressing
 - Toileting
 - Continence
 - Transferring (from bed to chair)

What is a cognitive impairment?

- A condition that leads you to require substantial supervision to protect yourself or others from dangers to health and safety
 - Example:
Supervision due to Alzheimer's disease, brain injury, or stroke

Is LTC insurance the right choice for me?

- Helps protect your retirement assets
- Helps preserve your independence
- Gives you choices and control over where to receive care
- Reduces the burden of care that can fall on family members
- Offers care planning expertise, advice, and resources when you need care

The cost of care

- The national average for 24-hour home care or one year in a nursing home can cost more than \$85,755¹
- If costs increase at 4.1% per year, the average cost of care in 30 years would be \$286,000 a year²

1. John Hancock Cost of Care Survey, conducted by LifePlans, Inc., 2011.

2. Average annual rate of inflation over the past 50 years ending December 31, 2010, using the Consumer Price Index for All Urban Consumers, Bureau of Labor Statistics, www.bls.gov



John Hancock's LTC Insurance policies

- Comprehensive LTC insurance coverage and support – with a variety of customizable benefits and features³
 - Ability to personalize a plan to your specific needs
 - Preference for care in your home
 - Caregiver support to help you take care of your family
 - Inflation protection options that help your benefits grow

3. This presentation is a general overview of the benefits and features, which vary by product, that are included in John Hancock's LTC insurance products. See your financial professional for details.



Care that meets your needs

- **Skilled care** includes nursing care and physical, occupational, respiratory, and speech therapy from licensed professionals.
- **Intermediate care** represents skilled care services (above) that are not received on a daily basis.
- **Custodial care** includes help with day-to-day activities, such as eating and dressing.

Care in the setting you choose

- Home care
- Adult day care
- Assisted living facilities
- Nursing homes
- Hospice care

Accessing your policy benefits

- You become eligible to receive benefits when you are Chronically Ill and a licensed health care practitioner indicates that you will need either of the following:
 - Substantial assistance, due to the loss of functional capacity, with at least two out of six activities of daily living (ADLs) for at least 90 days,
 - OR
 - Substantial supervision to protect yourself from threats to health and safety, due a cognitive impairment such as Alzheimer's disease, brain injury, or stroke.

The cost of LTC Insurance

- The cost of a LTC insurance policy is based on specific policy design — the benefit amount, elimination period (deductible) and benefit period selected.
- Your age and health are also key factors that will determine the cost of your long-term care insurance policy.
- The younger and healthier you are when you purchase your policy, the more affordable it will be.

Designing your policy

- **Benefit Amount** – the total amount of money your policy will provide
- **Benefit Period** – the minimum number of years coverage will last
- **Elimination Period** – like a deductible, you pay for the cost of care for a certain number of days before your coverage begins
- **Inflation Protection** – keeps coverage in line with future cost of care to help ensure your benefits grow with the rising cost of care

Select a benefit amount

- Select a benefit amount
 - Choose from a Daily or Monthly Benefit
 - Daily: \$50 to \$500 (in \$10 increments)⁴
 - Monthly: \$1,500 to \$15,000 (in \$100 increments)⁴

4. The maximum amount paid per day is the Daily Benefit amount. The maximum amount paid per month is the Monthly Benefit amount. In WI, the minimum Daily Benefit is \$60 and the minimum Monthly Benefit is \$1,800. In VT, the minimum Daily Benefit is \$75 and the minimum Monthly Benefit is \$2,250.



Select your benefit period

- Benefit Period is the minimum number of years you can expect your coverage to last
 - 2 years (730 days) or 24 months
 - 3 years (1,095 days)
 - 4 years (1,460 days)
 - 5 years (1,825 days)
 - 6 years (2,190 days)
 - 10 years (3,650 days)

Calculate your total benefit

- Your total benefit is your “Total Pool of Money” from which benefits are paid. Multiply your Daily or Monthly Benefit by your selected Benefit Period.
- Monthly Benefit Example
 - $\$4,500/\text{Month} \times 4 \text{ years (48 months)} = \$216,000$
- Daily Benefit Example
 - $\$150/\text{Day} \times 4 \text{ years (1,460 days)} = \$219,000$

Choose an Elimination Period (EP)⁵

- Similar to a deductible – you pay for services for a certain period before the policy pays⁶
 - 30 days
 - 60 days
 - 90 days
 - 180 days
 - 365 days

5. The 180- and 365-day Elimination Periods are not available in VT.

6. For Home Health Care, a minimum of 2 hours of covered care per day is required to count as one day toward your Elimination Period.



A wide range of built-in benefits

- **Caregiver Support Services⁷**

- You may be called on to provide caregiving or planning for a parent or other close family member. To assist you during this stressful time, this benefit includes:
 - Personalized telephone and website assistance regarding caregiving questions or concerns you may be experiencing
 - Access to quality reports and ratings on a range of home health care providers and nursing home and assisted living facilities nationwide
 - Exclusive provider discounts and care advisory services for your family members, which may enable them to save anywhere from 7% to 35% on the cost of long-term care provider services

7. Caregiver Support Services is available after your policy has been in effect for 30 days, through a partnership between John Hancock and an independent third-party organization. Discounts and/or program may be discontinued at any time.



A wide range of built-in benefits (cont'd)

- **Additional Stay-at-Home Benefit**

Home modifications, durable medical equipment, caregiver training, home safety checks, provider care checks, and medical alert systems

- 1X the Monthly or 30X the Daily Benefit Amount

- **Waiver of Premium⁸**

Once you begin receiving benefits, your LTC insurance premiums will be waived. This will continue until benefits are no longer payable or your policy ends.

8. Does not apply to Stay at Home Benefit or Care Advisory Services.

A wide range of built-in benefits (cont'd)

- **International Coverage⁹**

Receive coverage for care anywhere in the world

- Reimbursement basis for actual expenses
- Up to 100% of the Benefit Amount for up to one year

- **Care Advisory Services (CAS)**

The benefit eligible policyholder may choose an independent professional to assist in determining the care and treatment plan

- 1/3 the Monthly or 10X the Daily Benefit Amount, annually

9. All services covered except the Additional Stay at Home Benefit, Care Advisory Services, Double Coverage for Accident Benefit, Waiver of Home Health Care Elimination Period, Independent Home Health Care Providers and the Additional Cash Benefit.



A wide range of built-in benefits (cont'd)

- **Bed Hold Benefit**

Actual covered charges will be paid to ensure your room will be available at a facility when a stay is interrupted for any reason

- Up to 60 days per calendar year

- **Advantage Provider Program¹⁰**

- Negotiated Discounts

- List of providers that will provide a discount against their long-term care charges
- Thousands of providers nationwide
- Not a PPO

10. This is part of the provider discount program. Discounts are not provided by John Hancock. Discounts and/or program may be discontinued at any time.



Built-in benefits for those under 65¹¹

- **Double Coverage for Accident**
 - If claim is result of an accident prior to age 65, actual long-term care expenses are covered up to 2X the daily or monthly benefit
 - Excess amounts do not decrease Policy Limit
 - Subject to additional underwriting at time of application
- **Return of Premium**
 - Returns total premium paid less any benefits received to named beneficiary
 - Built-in benefit if death occurs prior to 65

11. Not available to applicants and policyholders age 65 and older.

Optional benefits for couples¹²

- **SharedCare¹³**
 - Allows you to maximize coverage by linking two individual policies, so you can access your spouses benefits if yours are exhausted
- **Survivorship and Waiver of Premium¹⁴**

12. Premiums will vary with choice of benefits selected.

13. Couples include policyholders who are married, have a family member of the same generation (sibling or cousin) living with them for at least three years or have lived with a partner of the same or opposite sex in a committed relationship for at least three years. No 2-year offer will be made if Chronically Ill in the prior 2 years, or on or beyond your 91st birthday.

14. Not available with Limited Payment Options, the Guaranteed Purchase Option, or the Guaranteed Increase Option.



Optional benefits to enhance your policy

- **Additional enhancements**
 - Waiver of Home Care Elimination Period¹⁵
 - Additional Cash Benefit
 - Nonforfeiture¹⁶

15. This benefit will not be paid under the International Coverage Benefit. Not available with the 180- or 365-day Elimination Periods.

16. First year if Limited Payment Option is selected.



Managing the costs of your policy

- **Discounts¹⁷**
 - Preferred health discount
 - Couples/Partner discount
 - Family discount¹⁸
 - Valued Client discount¹⁹
- **30-Day Free-Look**

17. The combination of Preferred Health and Couples/Partner Discounts is limited to 35% per individual based on Select rates. This discount also applies to family members of the same generation.

18. The Family Discount cannot be combined with the Valued Client Discount.

19. The Valued Client Discount cannot be combined with the Family Discount.



Payment options²⁰

- Monthly²¹, quarterly, semi-annually, annually
- Limited Pay Options²²
 - 20-Pay
 - Paid-Up at Age 75

Important Notice: Your premiums are not guaranteed to remain unchanged (unless your policy is paid up). Please see slide 33 for more information.

20. The policy offers a 65-day grace period for late payment of premiums.

21. Via Electronic Fund Transfer or Bank Draft.

22. Not available with the Guaranteed Purchase Option, the Guaranteed Increase Option, or the Survivorship and Waiver of Premium Benefit. The Limited Payment Option Contingent Nonforfeiture Benefit is available when a Limited Payment Option is selected. This is in addition to any Nonforfeiture or Contingent Nonforfeiture benefit available to you.



Consumer protection features

- **Alternate Services Benefit²³**
 - Protects against LTC treatment not specifically identified in your policy
- **Lifestyle Benefit Changes²⁴**
 - Allows you to change your coverage if your lifestyle changes
- **Independent Third-Party Review²⁵**
 - The right to request an independent third party to review your claim in the event that it's denied

23. Benefit paid must be a lower-cost alternative to covered services.

24. If you elect to increase your coverage, additional underwriting will be required. The premium for your underlying coverage will remain unchanged. Each change in coverage will become effective on the next policy anniversary. Requests for changes must be made in writing. Increase are not available with Limited Pay Options.

25. If third party state approval is not required it must be mutually agreed to by you and us.



Consumer protection features (cont'd)

- **Timely Payment of Claims**
 - If your claims payment takes longer than 30 days, we will pay interest of 1%²⁶ per month
- **Protection Against Lapse of Policy²⁷**
(Contingent Nonforfeiture)
- **Third-Party Billing Notification**

26. Percentage paid may be higher in states where required.

27. Calculation of reduced benefits varies based on the option taken and the premium payment plan in effect



Choose a leader in LTC insurance

As an experienced leader in LTC insurance – with financial strength ratings among the highest in the Insurance industry²⁸ – John Hancock is dedicated to providing dependable solutions that help you protect your financial security, your independence, and your family's well-being.

28. Based on analysis by major rating agencies, such as A.M. Best, Fitch Ratings, Standard & Poor's, and Moody's. Financial strength ratings measure the Company's ability to honor its financial commitments and are subject to change. The ratings are not an assessment or recommendation of specific policy provisions, premium rates or practices of the insurance company. To view our most current financial ratings, please go to www.johnhancockLTC.com

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Limitations & Exceptions

LIMITATIONS

- Benefits will not be paid for charges during the Elimination Period, except for Care Advisory Services and the Additional Stay at Home Benefit.
- Benefits will not be paid in excess of the Policy Limit, except for Care Advisory Services and the Additional Stay at Home Benefit.
- We will only pay benefits for services specified in the Plan of Care. We will determine services under the Plan of Care for which benefits are payable, and the amount of such benefits, which shall not exceed charges normally made for similar care, services or other items in the locality where they are received.

EXCEPTIONS

This policy does not cover care, treatment, or charges:

- for intentionally self-inflicted injury
- required as a result of alcoholism, alcohol abuse, or drug addiction (unless the drug addiction was a result of the administration of drugs as part of treatment by a physician)
- due to war (declared or undeclared) or any act of war, or service in any of the armed forces or auxiliary units
- due to participation in a felony, riot, or insurrection
- normally not made in the absence of insurance

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Exceptions

- provided by a member of your immediate family, unless:
 - the family member is one of the following professionals: a duly licensed registered nurse, licensed vocational nurse, licensed practical nurse, physical therapist, occupational therapist, speech therapist, respiratory therapist, licensed social worker, or registered dietitian; and
 - the family member is a regular employee of a nursing home, assisted living facility, adult day care center, or home health care agency which is providing the services; and
 - the organization receives the payment for the services; and
 - the family member receives no compensation other than the normal compensation for employees in his or her job category
- provided outside the 50 United States and the District of Columbia, except as described in the International Coverage section of the policy

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Thank You!

PREMIUMS ARE NOT GUARANTEED TO REMAIN UNCHANGED. As long as you pay the required premium, you have the right to continue the policy for as long as you live or until the policy limit is reached. We cannot cancel the policy unless you do not make the required premium payments on a timely basis. We cannot change the provisions of this policy without your consent. However, we do reserve the right to increase your premium as of any premium due date in the future. Any changes in premium rates must apply to all similar policies issued in your state to policyholders in the same class on this policy form. This means we cannot single you out for an increase because of your advancing age, declining health, claim status or for any other reason related solely to you.

This is a general description of coverage and is not an insurance contract. Refer to the Outline of Coverage provided by your agent for an explanation of features and options. Only the individual long-term care insurance policy contains governing contractual provisions. You may request a sample policy to review such provisions.

The long-term care insurance policy describes coverages under the policy, exclusions and limitations, what you must do to keep your policy in-force, and what would cause your policy to be discontinued. Please contact the licensed agent or John Hancock for more information, costs, and complete details on coverage.

This is an insurance solicitation. An insurance agent may contact you.

Long-term care insurance is underwritten by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117.

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