Long Term Care Insurance Rate Request Summary
Part 2 –To Be Completed By Bureau of Insurance

Company Name and NAIC Number: John Hancock Life Insurance Company (USA) 65838

SERFF Tracking Number: MULF-129480734

Disposition: Approve

Approval Date: 4/21/2016

Revised Rates

Average Annual Premium Per Member: $ 2770

Average Requested Percentage Rate Change Per Member: 18.5%

Minimum Requested Percentage Rate Change Per Member: 13.3%

Maximum Requested Percentage Rate Change Per Member: 19.6%

Number of Policy Holders Affected: 6506

Summary of the Bureau of Insurance's review of the rate request:

John Hancock Life Insurance Company (USA) requested an overall 18.5% rate increase which varies by policy plan, issue age, benefit period and inflation rider. Future claims are expected to be significantly higher than originally expected or priced due to claims lasting longer than expected and more policyholders than expected are filing claims at older ages than anticipated. This has resulted in significantly higher losses than assumed in the original pricing.

The Company grouped the forms subject to this filing into three distinct groups. CCI forms issued from 2002-2004 with an average increase of 18.4% ranging between 13.3% to 19.1% , CCII Enhanced forms issued from 2008-2010 with a flat increase of 19.6%, and CCII 2010 issued from 2010-2011 with a flat increase14.5%. (The specific forms are listed in the filing, which can be on the Bureau's website at the following link: http://www.scc.virginia.gov/boi/SERFFInquiry/LtcFilings.aspx.) Only forms issued on or after 10/1/2003 are included in this filing. One prior increase of 68.9% was approved in 2012 for the CCI forms. Only a small portion of the premium to date has been earned, which means that the majority of the premiums for these blocks remain to be earned.

The Bureau reviewed the rate increase in accordance with the requirements of 14VAC5-200-153 which requires that the filing meet the "58/85" test. This test requires that the lifetime anticipated present value ("PV") of claims exceed the sum of 58% of the PV of initial premiums plus 85% of the PV of any subsequent premium increases. This effectively requires that premium increases be held to a higher loss ratio standard (85%) than the initial premiums (58%). In other words, in total for all issues of a particular LTCI policy form, at least 58 cents of each dollar of initial premium and 85 cents of each dollar of premium increase must be returned in the form of benefit payments to policyholders. The company demonstrated, using actuarially justified assumptions, that the filing met the requirements of 14VAC5-200-153 after implementation of the rate increase, and approval was therefore recommended.

This document is intended to help explain the rate filing and it is only a summary of the company's request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.

The company is offering all policyholders the option to reduce the premium increase by reducing their coverage. These reductions could be in the form of lower daily benefits, a shorter benefit period, a longer elimination period, termination, changes in riders or any combination of these reductions.