

**Long Term Care Insurance Rate Request Summary  
Part 1 – To Be Completed By Company**

**Company Name and NAIC Number:** John Hancock Life Insurance Company (U.S.A), 69477

**SERFF Tracking Number:** MULF-132323351

**Revised Rates**

**Average Annual Premium Per Member:** \$2,700

**Average Requested Percentage Rate Change Per Member:** 18.4%

**Range of Requested Rate Changes:** 15.4% to 28.2%

**Number of Virginia Policyholders Affected:** 708

Form Number	Product Name	Issue Dates	Prior Rate Increases – Date and Percentage Approved	Outlook for Future Rate Increases
LTC-03 VA (2010)	Custom Care II Enhanced (2010)	August 2010 – September 2011	14.5% - 04/21/2016	If the requested premium rate schedule increase is implemented and the underlying assumptions are realized, no further premium rate schedule increases are anticipated.

**Attach a narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.**

This document is prepared by the carrier to help explain the requested rate change and 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 at <https://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx>.

## **Summary of the John Hancock's 2019 Rate Increase Request on John Hancock Life Insurance Custom Care II Enhanced (2010) Policy Series**

When pricing a long-term care insurance product, insurance companies use the best available information at that time to predict how many policyholders might ultimately use the benefit in the future. This involves making certain assumptions about a variety of factors including: particular medical conditions, the expected lifespan of policyholders, the length of time policyholders keep their policies, and the cost of receiving long-term care services. If the actual experience differs in an unfavorable way from the expected experience based on these assumptions, a premium rate increase may become necessary. John Hancock previously requested and implemented rate increases on the John Hancock Life Insurance Company long-term care policy series in 2013. In 2017, experience had sufficiently deteriorated to enable us to request another rate increase. Prior to approval of that request in 2019, we withdrew the filing because we were entering into new inflation hedges that had more favorable terms than what was assumed in our original pricing. The current filing incorporates the impact of the more favorable hedges as well as new assumptions developed in our 2019 experience studies.

John Hancock continuously monitors the experience of our in-force LTC insurance policies. Our most recent analysis demonstrates that claims continue to last longer than expected. Unfortunately, based on that data, we have determined that there is a need to increase premiums so we can meet our future claims obligations.

Increases will vary by issue age, inflation, benefit period, policy series, and state. The filing will vary by state based on the amount and timing of prior increases that we were permitted to implement in that state. In this way, policyholders are not subsidizing policyholders in other states.

In Virginia, on our John Hancock Life Insurance Company block of business, we are requesting an average rate increase of 18.4% which ranges from 15.4% to 28.2%. This includes the Custom Care II Enhanced (2010) policy forms.

No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. John Hancock's decision to increase premiums on certain policies is based upon the future claims anticipated on these policies.

As with the 2013 rate action, there will be a number of benefit adjustment options to help keep premiums at or close to their current level. For example, policyholders will have the option of electing the new, actuarially equivalent Shared Cost option. Customers can also reduce their benefit period, adjust their daily/monthly benefit amount, extend their elimination period, or drop riders from their coverage.

After the rate increase is accepted by the Virginia Insurance Department, affected policyholders will be provided with an extensive and personalized notification communication at least 90 days prior to the effective date, which will describe the increase and options available to mitigate the impact of the rate increase. In addition, customer support will be available through a dedicated customer service team in order to help our policyholders navigate through their choices and respond to any questions.