

Summary of the John Hancock's 2022 Rate Increase Request John Hancock Life Insurance Custom Care II 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, for example, 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 continuously monitors the experience of our in-force LTC insurance policies. We have completed our most recent triennial comprehensive long-term care experience study. Relative to previous expectations, the new data demonstrates lower mortality for non-claimants, higher utilization of benefits, and lower than expected claim terminations, partly offset by lower claim incidence. Based on that data, we have determined that there is a need to increase premiums on this policy series so we can meet our future claims obligations.

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, we are requesting an average rate increase of 31.8% which ranges from 24.1% to 32.0% on this policy series.

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.

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 to help our policyholders navigate through their choices and respond to any questions.