



LONG TERM CARE
INSURANCE

John Hancock | Leading Edge

The right product. The right price. The right time.



Important Notice to Producers

Please note that all benefit features and selections may not be available in every state. In addition some benefit selections may have been altered due to state requirements. Therefore, it is very important that you are aware of any product/benefit differences in the state where you are soliciting. Please refer to the state-specific policy and benefit selection sheet for any state exceptions or variations.

John Hancock.

A leader in long term care insurance.

John Hancock is one of the pioneers in long term care insurance (LTCI), and today we are well known for our leadership in both the individual and group LTCI markets. We are proud to have been selected by the U.S. federal government to be one of only two insurance companies to offer long term care insurance to federal employees through the Federal Long Term Care Insurance Program.

With 20 years of LTCI experience, we are a company that has kept its promises, paying more than \$1 billion¹ in claims on our LTCI policies. John Hancock is among the highest-rated life insurance companies for financial strength and stability, as judged by major rating agencies, and is a company that you and your clients can count on.

A STANDARD OF EXCELLENCE

▶	Leadership John Hancock is one of the two largest LTCI carriers in the country (based on in-force premium). ² We have more than 912,000 LTCI policyholders as of December 31, 2005. ³												
▶	Brand Recognition John Hancock is one of the leading brands in the country, with 95% consumer awareness ⁴												
▶	Claims Reliability We have more than \$6 billion in LTCI claims reserves (based on internal data as of 12/31/05).												
▶	<table border="0"> <tr> <td>Strength & Stability</td> <td>S&P</td> <td>MOODY'S</td> <td>A.M. BEST</td> <td>FITCH</td> <td>COMDEX</td> </tr> <tr> <td>John Hancock Life Insurance Co. (Ratings as of 12/31/05)</td> <td>AA+</td> <td>Aa2</td> <td>A++</td> <td>AA+</td> <td>98</td> </tr> </table>	Strength & Stability	S&P	MOODY'S	A.M. BEST	FITCH	COMDEX	John Hancock Life Insurance Co. (Ratings as of 12/31/05)	AA+	Aa2	A++	AA+	98
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John Hancock Life Insurance Co. (Ratings as of 12/31/05)	AA+	Aa2	A++	AA+	98								

1. Based on John Hancock internal claims data as of December 31, 2005. Total includes individual and group LTCI and 50% of the Federal Long Term Care Insurance Program. All claims paid since 1987.

2. LIMRA year-end 12/31/05.

3. Based on internal data, including individual, group, Fortis and the Federal Long Term Care Insurance Program.

4. Roper Research and Plan-it Marketing, 2001.

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Introduction

John Hancock is proud to introduce one of the most innovative long term care insurance products of our time. *Leading Edge* is designed to provide comprehensive coverage at the right price, and exciting new benefits we think everyone will love. Achieving excellence through innovation is our goal at John Hancock — and *Leading Edge* is the result. Take a look below and you will discover why it's the right product, at the right price, at the right time.

The right product.⁵

Leading Edge offers comprehensive coverage through the right combination of benefits available both now and later. This innovative product provides these **new built-in benefits**:

- ▶ Automatic compound inflation linked to the Consumer Price Index (CPI)
- ▶ Caregiver Support Services to help policyholders manage the care of aging parents and relatives
- ▶ Expanded home health care services, including Total Homemaker Services and independent home health care (*provider qualification is not required*)

The product also offers more convenience than ever before:

- ▶ A simplified claims process that minimizes paperwork and administration
- ▶ Credit card payments (MasterCard® and Visa®) accepted for all premium payment modes

The right price.

When people have as many competing financial priorities as they have today, they need long term care insurance protection that fits their budget. *Leading Edge's* innovative design addresses the critical need for greater affordability without sacrificing coverage through:

- ▶ A practical new approach to inflation protection made possible by John Hancock's sophisticated investment strategy
- ▶ A creative alternative to expensive lifetime coverage through a 5 Year Plus \$1 Million Benefit Period

The right time.

The long term care industry has been waiting for a new long term care insurance product and its time has finally come. *Leading Edge* offers the solution to so many issues we have faced in recent times by providing:

- ▶ Greater access to new markets with a new price point
- ▶ A helpful solution for boomers who are confronting the long term care needs of their parents and rapidly becoming aware of their own needs
- ▶ Easy-to-understand and easy-to-sell benefits
- ▶ Stable pricing backed by John Hancock's strength, stability and experience

5. Policy benefits and features vary by state.

Leading Edge — How it Works

Leading Edge keeps it simple for you and your clients, offering comprehensive coverage in clear and concise terms. When you are designing a long term care insurance policy, the best approach is to base your recommendation on your client's financial needs and goals. Also, be sure to consider their health history and the cost of care in their area. Take a look at the strong core benefits and innovative features that the *Leading Edge* has to offer.

Policy Design Options⁶

Long Term Care Daily or Monthly Benefit Amount

- Daily Benefit Options: \$50–500 per day benefit is available, in \$10 increments
- Monthly Benefit Options: \$1,500–\$15,000 per month benefit is available, in \$100 increments
 - The policy will pay the actual covered charge, not to exceed the maximum LTCI benefit, subject to the elimination period, policy conditions and exclusions.
 - Any unused amount of the maximum LTCI benefit will remain in the policy for later use, which may extend the chosen benefit period.

Benefit Period

- 3 Years (1,095 days) (36 months): This benefit period is based on research that shows the average length of stay in a nursing facility is approximately 2.4 years.⁷
- 5 Years (1,825 days) (60 months): This benefit period allows for the fact that at-home care is often received before entering a nursing home.
- 5 Years Plus \$1 Million: This option is for clients who are concerned about needing care for a long period of time, due to unforeseen illness or family

history, and want greater protection. This coverage provides a five-year benefit pool, plus an additional \$1 million pool. If the five-year benefit pool is exhausted, an additional \$1 million is added to the pool to help pay for care without any interruption in service. From then on, the current LTCI benefit amount and the new policy limit of \$1 million will increase in accordance with the existing inflation option on the policy.

Total Benefit — Total Pool of Money

This policy provides a single pool of money that can be used for care in any setting, allowing maximum flexibility for your client. To determine the Total Benefit, or pool of money, multiply the daily or monthly benefit by the selected benefit period:

Daily Example:

- \$200/day benefit x 5 years (1825 days) = \$365,000 (Total Benefit)

Monthly Example:

- 6,000/month benefit x 5 years (60 months) = \$360,000 (Total Benefit)

5 Years Plus \$1 Million Example:

- \$200/day benefit x 5 years (1825 days) + \$1 Million = \$1,365,000 (Total Benefit)

Elimination Period

Think of the Elimination Period as a deductible, where the client must pay for covered services before the policy begins paying.

- The Elimination Period is 100 days of service that would otherwise be covered by the policy.
- The Elimination Period needs to be satisfied only once during the life of the policy.

6. Policy benefits and features vary by state. Please refer to the outline of coverage and a sample policy for details.

7. Department of Health and Human Services, "The National Nursing Home Survey: 1999 Summary, National Center for Health Statistics," June 2002.

Inflation Options

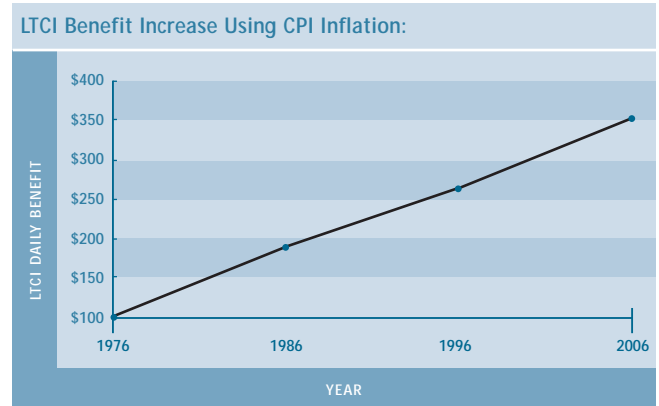
• **Leading Edge's Automatic Inflation Coverage**

This inflation option ensures that clients get the compound inflation protection they need in a cost-effective manner. Annual increases in benefits are based on changes in the Consumer Price Index (CPI).⁸

How Automatic Inflation Coverage Works: Every year, on a client's policy anniversary, his or her benefit and Total Pool of Money will be automatically adjusted according to the Consumer Price Index (CPI).⁹ This index, which has been on the rise for over 50 years, tracks the price of a basket of goods and services and includes such items as medical care and housing. The CPI is often used to provide cost-of-living wage adjustments to millions of American workers. As a result, the CPI has a strong association with housing and labor costs, two of the key drivers of long term care costs today and in the future.

U.S. Social Security benefits and many U.S. pension plan benefits are linked to the CPI, the most widely used measure of inflation. When the CPI increases — even during periods of the highest inflation — a client's benefits increase accordingly. There is no limit on the level to which it can increase. If the CPI decreases, the benefits remain level until it begins to increase again. Once that happens, John Hancock will offset any such decreases when calculating future CPI increases.

The following example shows how a \$100 daily benefit purchased in April 1976 with Automatic Inflation Coverage would have inflated to \$353 by April of 2006 — an average of 4.4% per year.



Source: Bureau of Labor Statistics, CPI, All Urban Consumers. All items not seasonally adjusted. The Bureau of Labor Statistics is the principal fact-finding agency to the U.S. federal government and is the statistical resource to the U.S. Department of Labor.

In many states, clients can instead select the following inflation option coverage:

• **5% Compound Guaranteed Purchase Inflation (GPO)¹⁰**

This inflation option provides your client with an option¹¹ to increase benefits (daily or monthly) and their Total Pool of Money by 5% compounded annually without additional health questions or exams. This option will be offered every three years.¹² When selected, the Total Pool of Money (as well as the other benefit amounts listed in the Policy Schedule) will be increased by the same percentage as the Benefit Amount and rounded to the nearest dollar.

Please note: If your client is on claim on any option date and is otherwise eligible to receive an offer, John Hancock will automatically assume that the insured has elected the increase in benefits available to him/her on that option date.

8. CPI means the non-seasonally adjusted Consumer Price Index — All Urban, published by the Bureau of Labor Statistics of the United States Department of Labor.

9. The rate used to determine the increase in your client's benefits will be calculated based on the average CPI three months prior to the policy anniversary date compared to the monthly CPI for one year prior.

10. 5% Compound GPO is not available in AK, CO, DC, GA, MA, NY, SC, WI, and WY (List is current as of 7/1/06).

11. After two declines, no future offers will be made. Cost in benefit increase will be determined at attained age and the premium rates then in effect.

12. Benefits will continue to increase, even if client is on claim.

Built-in Features

Total Homemaker Services¹³

Total Homemaker Services is a benefit that expands home health care coverage to include non-medical support services, so clients can remain in their home for as long as possible.

Total Homemaker Services include:

- light housekeeping, such as laundry, meal preparation, and paying bills
- someone to watch over your client as they take their medications

Additional Stay at Home Services¹⁴

Additional Stay at Home Services extend care coverage by paying for:

- home modifications
- durable medical equipment
- caregiver training
- home safety checks
- medical alert systems

This benefit is helpful to many people who wish to stay at home, but who need to make some changes to their home in order to do so.

Advantage Provider Program

This built-in benefit gives your client access to discounts at thousands of providers nationwide. It also offers quality ratings and reports on more than 90,000 LTC providers, as well as access to a care advocate who will work on your client's behalf to identify providers that are most appropriate to their needs.

Independent Home Health Care

Personal Care Services where provider qualification is not required.

Caregiver Support Services¹⁵

Chances are your clients will be called upon to provide care for someone else before they need care of their own. At a minimum, they may want to help their loved ones get the best care they can when that time comes. John Hancock's unique Caregiver Support Services does just that, by providing personalized telephone and website support on caregiving questions, concerns, or situations people may be experiencing as caregivers. Policyholders can access quality reports and ratings on a range of nursing home and assisted living facilities nationwide. In addition, policyholders will also get access to exclusive provider discounts and care advisory services for family members,¹⁶ which may enable them to save anywhere from 7–35% on the cost of care provider services.

Respite Care Benefit

Respite Care can be paid in a nursing home, assisted living facility, or via home health care. Respite Care will be covered for up to 21 days per calendar year and can be paid during the Elimination Period. However, it does not count toward reducing the Elimination Period. This benefit does reduce the Total Pool of Money.

13. Does not include shopping.

14. The amount available for this benefit is equal to the Monthly Benefit selected (or 30 times the Daily Benefit selected) on a lifetime basis and is not subject to the Elimination Period. This benefit is not a separate pool of money and will be deducted from the Total Pool of Money.

15. Caregiver Support Services is made possible through a partnership between John Hancock and CareScout. Discounts are not guaranteed and may be discontinued by the provider. John Hancock reserves the right to change vendors, modify or discontinue this service in the future. This benefit becomes active after the 30-day Free Look period ends.

16. Family members include grandparents, parents, parents-in-law, stepparents, stepparents-in-law, brothers, sisters, and children (including adopted and fostered) of the policyholder.

Lifestyle Benefit Changes

Policyholders may increase coverage once a year. Increases in coverage are subject to underwriting approval, and if approved, are subject to an additional premium for the increase in coverage. The premium for the additional coverage will be based upon attained age on the date the request is made, at the rates then in effect. The premium for underlying coverage will remain unchanged. Each change in coverage will become effective on the next policy anniversary.

Policyholders may make a written request to decrease benefits at any time. Any election to decrease coverage is not subject to evidence of insurability. Premium will be based on the reduced amount of coverage and original issue age.

International Coverage

This benefit provides coverage anywhere outside of the United States, for up to one year. LTCI benefits will be based on 100% of the Daily or Monthly Benefit. All services are covered except for the Additional Stay at Home Services Benefit and Respite Care Benefit.

Bed Hold Benefit

Actual covered charges, up to the applicable LTCI benefit, will be paid to ensure a place will be available at the nursing home or assisted living facility when a stay is interrupted for any reason. The maximum number of days paid is 60 per calendar year. This benefit is subject to the Elimination Period and does reduce the Total Pool of Money.

Coordination of Benefits¹⁷

John Hancock will reduce benefits payable under the policy for covered services if we also pay benefits for such services under any other individual LTC or Nursing Home Only insurance policy issued by John Hancock. This does not include John Hancock Group LTCI or John Hancock combination products (such as the Revolution Annuity). Benefits will be reduced only when payment under the policy and all other John Hancock policies combined would exceed the actual amount the policyholder incurs for covered care or services.

If multiple policies are involved, the policy with the earliest effective date of coverage will be deemed primary coverage and pay first. Thereafter, payment will be made under any additional policy (deemed secondary coverage) in order of effective date, from the earliest to the latest. Any policy without a similar Coordination of Benefits provision will pay first without any reduction in its benefits.

17. Benefit may not be available in every state.

Optional Benefits¹⁸

SharedCare¹⁹

This popular benefit, designed to meet the needs of partners and couples, has been updated for *Leading Edge*. It allows an insured to access their partner's benefits when theirs are exhausted. If the partner dies, their benefits will increase the surviving partner's remaining benefit dollars and the premium will be reduced by the cost of the SharedCare Benefit. If the insured's benefits are exhausted by a partner, the insured has the option to purchase a policy with a three-year benefit at attained age with no underwriting, if no claims were made in prior three years (up to age 91).

Note: Couples (partners/spouses) include policyholders who:²⁰

- are married
- have lived with a family member of the same generation for at least three years
- have lived with a partner of the same sex or opposite sex for at least three years

Zero-Day Elimination Period for Home Health Care

For those who want to stay at home for as long as possible; this benefit has great appeal. We will waive the Elimination Period if the policyholder is receiving care at home. This benefit is not payable under the International Coverage Benefit.

Nonforfeiture

This benefit provides some coverage, even if the policyholder stops paying premiums. Specifically, if the policyholder stops paying premiums after the third year, past premiums will still be available to pay for services. For Limited Pay Options, the benefit applies if policyholder stops paying premiums after the first year.

Premium Funding Flexibility

Limited Pay — Payment Options

There are two Limited Pay Options: 10-Pay and Paid Up at Age 65. Both are guaranteed renewable during the premium paying period, and become non-cancellable thereafter.

- The Paid Up to Age 65 option is available only up to age 55.
- Limited Pay Options are not available with the 5% Compound Guaranteed Purchase Option.
- If a Limited Pay Option is elected with the Nonforfeiture benefit, the Nonforfeiture benefit will trigger after one year.
- Life Pay can be converted to 10-Pay, or Paid Up at Age 65 (if 55 or younger), if there is no 5% Compound GPO. Attained age premiums would apply and there is no premium credit.
- 10-Pay and Paid Up at Age 65 can be converted to Life Pay. Original issue age premiums would apply and there is no premium credit.
- Limited Pay plans can not be paid up in advance.

30-Day Free Look

If the policyholder, for any reason, is not completely satisfied with the policy, he/she may return the policy within 30 days after it was delivered for a refund of all premiums paid.

Waiver of Premium

Waiver of Premium begins after 100 dates of service and the policyholder is receiving benefits. The waiver ends when benefits are no longer payable.

Guaranteed Renewable

John Hancock cannot cancel a policy if the policyholder pays premiums on time. The company does reserve the right to increase premiums by class subject to approval by a state insurance department.

18. Policy benefits and features vary by state. Please refer to the outline of coverage and a sample policy for details.

19. Partners must select the same benefit options. Other than electing a 5% compound GPO, if one partner amends their policy benefits so they deviate from the other partner's, the SharedCare rider will terminate.

20. The definition of who qualifies as a spouse or partner will vary by state.

Lapse Features

Grace Period

Leading Edge has a 65-day grace period. This means that if a renewal premium is not paid within 30 days from the date it is due, we will notify the policyholder and the designated person(s) to receive notification. There is an additional 35-day period after the notice is sent to pay the premium. During the grace period, this policy will stay in effect.

Added Protection Against Lapse

The policyholder may designate one person to receive notice of the overdue premium before the policy lapses.

Contingent Nonforfeiture

If the optional Nonforfeiture rider is not chosen, this feature will be included in the policy. If the policy lapses following a rate increase that exceeds a certain percentage (varies by issue age), the policyholder will have the right to reduce their policy benefits so the premium payments do not increase, or convert coverage to a paid-up status, under which no further payments are due.

Ratings/Discounts²¹

There are no commission reductions for applied ratings and discounts.

Underwriting Classes

- Preferred (discounted 15% off Select)
- Select (Standard)

Partner/Spousal Discount²²

Partners are defined as married couples; people who have lived with a family member of the same generation for at least three years; people who have lived with a partner of the same sex or opposite sex for at least three years.

- There is a 15% discount for an applicant who has a partner or spouse. The discount will be 30% if both insureds are approved.
- The maximum combination of preferred and partner/spousal discounts is 40%.

Sponsored Group Discount²³

Enables you to provide employers and associations with a way to make individual LTCI policies available to their employees or members at a 5% discount. This discount is not available in conjunction with the Family Discount or Valued Client Discount. This discount is multiplicative.

Family Discount

If three or more members of an immediate family purchase individual John Hancock policies, a 5% discount will apply. Eligible family members include spouses, partners, parents, grandparents, step-parents, children, stepchildren, siblings and parents in-laws.

The discount is not available in conjunction with the Valued Client Discount or the Sponsored Group Discount. This discount is multiplicative.

Valued Client Discount²⁴

Your existing Manulife and John Hancock life and annuity clients may be eligible for a 5% discount on the purchase of a new LTCI policy. Family members, including partners, spouses, children, parents, parents-in-law, grandparents, and grandparents-in-law, are also eligible for the Valued Client Discount. Refer to the Valued Client Marketing Guide (LTC-2974) for complete details on the program. This discount is not available in conjunction with the Family Discount or the Sponsored Group Discount. This discount is multiplicative.

Loyalty Credit

John Hancock will allow its current John Hancock policyholders of a different policy series to replace their policy with a John Hancock *Leading Edge* policy. This will include a reduction in annual premium of 5%. The original policy must have been in force at least two years. The John Hancock *Leading Edge* rates are based on attained age, and are fully underwritten. The Loyalty Credit is multiplicative.

21. Discounts may not be available in all states.

22. The definition of who qualifies as a spouse or partner will vary by state.

23. Marketing Group Discount in NY and TX.

24. Not available for clients residing in TX.

Leading Edge — Facts at a Glance

BUILDING BLOCKS²⁵	
Issue Ages	18–79
Maximum Daily/Monthly Benefits	<p>LTCI Benefit Amount Options: Daily Benefit (<i>standard rates</i>) \$50 to \$500 \$10 increments</p> <hr/> <p>Monthly Benefit (<i>for additional cost</i>) \$1,500 to \$15,000 \$100 increments</p>
Benefit Periods/Policy Limits	<ul style="list-style-type: none"> • 3 Years • 5 Years • 5 Years plus \$1 Million <ul style="list-style-type: none"> – Total Benefit is equal to: Benefit Period x LTCI Benefit Amount x 365 (if daily) or 12 (if monthly). When original policy benefits are exhausted, a new policy limit is restored, equal to \$1 million. From then on, the current LTCI benefit amount and the new policy limit equal \$1 million, and will increase in accordance with the existing inflation option on the policy. Though this extends the coverage beyond the original Pool of Money, it does not renew the “Additional Stay at Home Services,” nor does a new Elimination Period apply.
Elimination/Deductible Period	100-day deductible, where each service date counts as one day toward meeting the Elimination Period
Inflation Options	<p>Automatic Inflation Coverage</p> <ul style="list-style-type: none"> • Both the LTCI benefit amount and remaining Pool of Money increase each year with the CPI factor while policy is in force. • The LTCI benefit amount or Total Pool of Money will never decrease as a result of a negative CPI. If the CPI is negative, there will be no reduction in the current LTCI benefit amount or Total Pool of Money, but it will reduce future increases. • The increase of the percentage change is equal to the change in CPI three months prior to the policy anniversary as compared to the same month’s CPI one year prior. This percentage is then applied to the latest benefits and becomes effective as of the policy anniversary.

25. Policy benefits and features vary by state.

<p>Inflation Options (continued)</p>	<p>5% Compound Guaranteed Purchase Inflation Option (GPO)</p> <ul style="list-style-type: none"> •An offer to increase benefits by 15.8% (5% compound for 3 years) will be made every 3 years, unless two prior offers have been declined. •If your client is on claim on any Option Date and is otherwise eligible to receive an offer, John Hancock will automatically assume that they have elected the increase in benefits available to them on such Option Date. In the event they recover and premiums are no longer waived pursuant to the “Waiver of Premium” provision found in the Policy, their reinstated premium will reflect any increase in benefits implemented while they were on claim. •Premiums waived will also increase by the appropriate attained age costs. •Cost of increase is based on attained age rates at the premium rates then in effect.
<p>Eligibility for Payment of Benefits</p>	<ul style="list-style-type: none"> •2 out of 6 ADLs with hands-on or standby assistance, or cognitive impairment with substantial supervision. <ul style="list-style-type: none"> - Expected to last for a period of at least 90 days - Subject to the Elimination Period requirement - Receiving covered care or services according to an acceptable Plan of Care - Need Tax-Qualified certification from a Licensed Health Care Practitioner
<p>Coverage</p>	<p>Nursing Home, Assisted Living Facility, Adult Day Care, Home Care, Respite Care, Hospice Care, and Bed-Hold.</p>
<p>Nursing Home and Assisted Living Facilities</p>	<ul style="list-style-type: none"> •100% of actual Nursing Home or Assisted Living Facility charges are covered, up to the LTCI Benefit Amount. •All benefits will be deducted from the Total Pool of Money. •Must meet policy definition of a qualified facility.
<p>Home Health Care</p>	<ul style="list-style-type: none"> •100% of Home Health Care services are covered for qualified LTCI services defined in a comprehensive Plan of Care up to the Benefit Amount. •Services covered include: Adult Day Care, Care in your home, Hospice Care Services, and Total Homemaker Services. •All benefits will be deducted from the Total Pool of Money. •Total Homemaker Services consists of the following non-medical support services necessary to remain at home: meal preparation, laundry, light housekeeping, supervising self-administration of medication, and payment of bills. •Independent Home Health Care <i>(provider qualification is not required)</i>

BUILT-IN BENEFITS	
Bed Hold Benefit	<ul style="list-style-type: none"> • Covers 60 days of bed-hold per calendar year for any reason. • Subject to Elimination Period; reduces Total Pool of Money.
Lifestyle Benefit Changes	<ul style="list-style-type: none"> • Allows annual increases in LTCI Benefit Amounts <ul style="list-style-type: none"> – Subject to underwriting and additional premium at attained age. • Policyholder can also elect to decrease coverage. • Effective on policy anniversary. • Coverage selection change forms need to be submitted.
Advantage Provider Program	<p>Offers the following services administered by CareScout:</p> <ul style="list-style-type: none"> • Information on quality ratings on over 90,000 LTC providers. • Access to a CareScout advocate, who provides claimant and their families with lists of available providers in their area. • Negotiates discounts with LTC providers. • John Hancock reserves the right to change vendors, modify or discontinue this service in the future.
Caregiver Support Services	<ul style="list-style-type: none"> • Extends Advantage Provider Program to insured's family members. • Personalized support via toll-free call to CareScout. • Website access and information. • John Hancock reserves the right to change vendors, modify or discontinue this service in the future.
Respite Care	<ul style="list-style-type: none"> • Monthly Option: Respite Care = to 21 days x 1/30th of the LTCI Benefit Amount per day per policy year. • Daily Option: Respite Care = to 21 days at the LTCI Benefit Amount per day per policy year. • All benefits will be deducted from the Total Pool of Money. • Respite Care is not subject to, nor does it satisfy, the Elimination Period.
Hospice Care	<ul style="list-style-type: none"> • Hospice care is not subject to, nor does it satisfy, the Elimination Period. • Benefits will be deducted from the Total Pool of Money.
Additional Stay at Home Services	<ul style="list-style-type: none"> • Additional Stay at Home Services pays for home modifications, emergency alert systems, durable medical equipment, caregiver training, and home safety checks. Designed to enable a claimant to remain at home. • No monthly or daily cap; just one lifetime cap equal to one times the LTCI benefit amount (if monthly option), or 30 times the LTCI benefit amount (if daily option). • Not subject to, nor does it satisfy, the Elimination Period. • Does reduce Total Pool of Money.

Voluntary Care Coordination	<ul style="list-style-type: none"> • When claim is initiated, client has the option to be paired with a personal care coordinator — independent of John Hancock. • No limit.
Coordination of Benefits	<p>Will coordinate with other John Hancock LTCI coverage in place (will not duplicate benefits if client has multiple policies with John Hancock).</p>
Waiver of Premium	<ul style="list-style-type: none"> • After 100 Dates of Service • While benefits are payable • Premium will not be waived if your client: <ul style="list-style-type: none"> - is only receiving benefits under the Additional Stay at Home Service Benefit; - has exhausted the International Coverage Benefit, unless and until they receive care or services for which benefits are payable under the long term care benefit within the fifty (50) United States or the District of Columbia. • If premium has been paid for a period for which premiums are waived, we will refund the premium for such period.
International Coverage	<ul style="list-style-type: none"> • Reimburse actual charges incurred up to 100% of applicable benefit for up to one year. • All services covered except Additional Stay at Home Services and Respite Care. • No restriction on countries.
Built-in Nonforfeiture	<p>Contingent Nonforfeiture</p> <ul style="list-style-type: none"> • In the event John Hancock increases rates by more than the specific amount shown in the Contingent Nonforfeiture provision, we will provide the policyholder with the opportunity to: <ul style="list-style-type: none"> - pay the increased premium - decrease their benefits to a level supported by their current premium - elect the Contingent Nonforfeiture Benefit. • Under the Contingent Nonforfeiture Benefit, the policy will remain in force with a reduced Pool of Money equal to the sum of the premiums they have paid. This means that a reduced benefit will be payable instead of the Total Pool of Money. • Will be automatically included in the policy in the event that traditional Nonforfeiture is declined.

OPTIONAL BENEFITS²⁵

<p>Zero-Day Elimination Period for Home Health Care and Adult Day Care Rider</p>	<ul style="list-style-type: none"> • Waives the Elimination Period for Home Health Care, creating a Zero-Day Elimination Period for Home Health Care. • Days of Home Health Care count toward the facility Elimination Period. • Waiver of Premium begins after 100 dates of service.
<p>SharedCare Rider</p>	<ul style="list-style-type: none"> • Allows an insured to access their partner's benefits when their benefit is exhausted. If the partner dies, their benefits will increase the surviving partner's remaining benefit dollars and the premium will be reduced by the cost of the SharedCare Benefit. • If the insured's benefits are exhausted by a partner, the insured has the option to purchase a policy with a three-year benefit with no underwriting, if no claims were made in prior three years, up to age 91. <p>Partners/Spouses include policyholders who:</p> <ul style="list-style-type: none"> - are married - have lived with a family member of the same generation for at least three years - have lived with a partner of the same sex or opposite sex for at least three years
<p>Nonforfeiture Rider</p>	<p>If lapse after three years, a policyholder will have paid-up policy with Total Pool of Money reduced to the greater of premiums paid or 1x Monthly or 30x daily benefit.</p>

25. Policy benefits and features vary by state.

PAYMENT OPTIONS & UNDERWRITING CLASSES²⁵

Payment Options	<ul style="list-style-type: none"> • Direct bill — annual, semi-annual, quarterly payment options • Bank draft — monthly • Credit card — annual, semi-annual, quarterly or monthly • List bill
Limited Pay Options	<ul style="list-style-type: none"> • 10 Pay, Paid-Up at Age 65 (<i>Paid-Up at 65 only available to ages 55 and younger</i>) • Guaranteed renewable during premium paying period, non-cancellable after. • Not available with 5% Compound GPO
Underwriting Classes	<ul style="list-style-type: none"> • Preferred — 15% discount off Select rates • Select (Standard)
DISCOUNTS	
Discounts Available	<ul style="list-style-type: none"> • Partner/Spouse Discount — 15% discount off Select rates if one applies — 30% discount off Select rates if both individuals apply and are approved. Applies to couples who are married or have lived together for at least three years, whether family member of the same generation, same sex, or opposite sex. • Preferred Discount — 15% discount off Select rates (<i>Maximum combination of partner and preferred discounts is 40%.</i>) • Sponsored Group — 5% • Valued Client — 5% • Family Discount — 5%. Must have at least three members of immediate family buy separate individual John Hancock policies. Note that a policy with FamilyCare does not automatically qualify for the Family Discount if three or four persons are insured. • Can have either Family, Sponsored Group, or Valued Client discount (not more than one). • Discounts are multiplicative and do not reduce commission.
Loyalty Credit	<p>Allows current John Hancock policyholders of a different policy series to purchase <i>Leading Edge</i> with a reduction in annual premium of 5%. Original policy must have been in force at least two years. <i>Leading Edge</i> rates are based on attained age, and are fully underwritten. This discount is multiplicative.</p>

25. Policy benefits and features vary by state.

Leading Edge — Marketing and Positioning

Advantages for Producers

Leading Edge was built with both the client and the producer in mind. Undoubtedly you have faced some objections and concerns from clients regarding LTCI and its complexities. You may have even decided not to expand your business into the

LTCI market because of the perceived complexity of the product from a producer standpoint. *Leading Edge* offers benefits that make sense, are easy to explain, and best of all, will protect your clients and their families should they need long term care.

PRODUCER NEED.....

A price that you can sell to:

Before even seeing a quote, consumers have a general perception that LTCI is very expensive. This traditionally has been the most challenging objection to overcome for producers, particularly with older prospects.

Longer benefit periods:

For customers interested in longer periods of coverage due to family medical history or unexpected illness/accident, premiums for benefit periods such as 10 years or lifetime were cost prohibitive.

Compound inflation:

The cost of the popular 5% compound inflation option has been known to exceed the budget of many interested LTCI customers.

A product that's easy to sell:

Producers, particularly non-specialists, may be eager to sell LTCI, but are overwhelmed by the complexity of some products. With many carriers' products offering broad choices designed for total flexibility and policy customization, producers also need an option that's easy to understand, easy to sell, and easy to design.

Convenience for you and your clients:

Leading Edge makes doing business easier for you and your clients

Access to new markets:

While consumer interest and/or demand for LTCI is stronger in older age groups, there are only so many people who can afford to buy LTCI just prior to needing it. Producers need a way to tap into the enormous younger market (under 65) to boost their sales.

Meeting today's needs for younger consumers:

Young, healthy LTCI prospects are covering a potential need that could be 30 or more years away. Unless they've had a care experience, they don't readily see the need to — or the immediate benefits of — buying LTCI when they are still relatively young.

Younger prospects might worry about being locked into something when there are so many unknowns, such as changes in their coverage needs over time, whether they will ever need LTC, changes in long term care services, etc.

...➤ PRODUCER SOLUTION

John Hancock strived for better affordability when developing *Leading Edge*. Innovative features have enabled us to provide comprehensive coverage at an attractive price for virtually all age categories.

The 5 Years Plus \$1 Million Benefit is the smart, affordable solution to expensive lifetime coverage. It virtually eliminates any concern about outliving financial resources by giving policyholders access to \$1 million of additional coverage should they exhaust benefits from their initial 5-year benefit period.

Automatic Inflation Coverage is a built-in benefit that ensures clients get the inflation protection they need in a cost-effective manner. Annual increases in benefits are based on changes in the Consumer Price Index (CPI).

Leading Edge was built with simplicity in mind. It combines comprehensive LTCI coverage with appropriate choices where needed.

- Benefit periods include 3 Years, 5 Years, and 5 Years Plus \$1 Million (three simple options)
 - Inflation coverage is built into the policy, through Automatic Inflation Coverage based on the CPI (or 5% GPO option where applicable)
 - One Elimination Period = 100 days, with the option for Zero-Day for Home Care
-
- Single application for spouses/partners
 - Credit card payments for all modes of payments
 - Simplified claims process — Almost no paperwork

The average purchase age for LTCI has slowly declined over the years. While *Leading Edge* is priced attractively for all age groups, it offers a number of benefits that younger buyers (under 65) will find particularly appealing.

“NOW” benefits have been built into *Leading Edge* to help younger buyers see and feel some degree of benefit long before they ever need to go on claim themselves.

- Caregiver Support Services is a built-in benefit that caters to the needs of younger prospects. It provides support that can ease the stress when policyholders are called on to provide care planning or caregiving for parents or other family members.
- Lifestyle Benefit Changes is a built-in benefit that give policyholders the flexibility to adjust their coverage up or down as their needs/situation evolves over time. This can be reassuring to younger buyers who feel uncomfortable choosing a level of coverage that they will be locked into indefinitely.

Advantages for Your Clients

With John Hancock *Leading Edge*, there has never been a better time to sell long term care insurance. With recent changes in legislation, an increase in state awareness campaigns, and the Baby Boomers coming of age, the time to prospect and sell long term care insurance is now. Through extensive

consumer research, we learned that different talking points resonate with particular markets. Below we define the opportunity within each of these markets. On the next page we provide you with a matrix of the points to focus on when meeting with clients within these markets.

Baby Boomers (Ages 42-64)

Baby Boomers are likely to have a huge impact on the demand for long term care services because of their sheer number. And with increased life expectancy, more of them can expect to live to an advanced age, when the need for care is most likely. Consider the numbers:

- **78 million:** the number of people in the Baby Boomer generation²⁶
- **8,000:** approximate number of leading-edge Boomers who are turning 60 every day²⁶
- **59:** average purchase age for long term care insurance²⁷

Seniors (Ages 65+)

Seniors are the group who are most likely to be considering the need for long term care insurance. That's because:

- At least 6.4 million people age 65 or older need long term care.²⁸
- The probability of losses in functioning increases with age, dramatically so for the population age 65 and older.²⁹

Women

Women are an important target audience for LTCI. Here's why:

- 71% of caregivers are women.³⁰
- Because of their roles as caregivers, women see LTCI situations firsthand and are more likely to appreciate the need for LTCI.
- About 72% of nursing home residents are women.³¹
- Women tend to outlive men by several years, and therefore face a 50% greater likelihood than men of entering a nursing home after age 65.³²

26. U.S. Census Bureau, Facts for Features, "Oldest Baby Boomers Turn 60!," January 2006

27. Health Insurance Association of America (HIAA), "The Family Long-Term Care Insurance Decision," 2002

28. United Seniors Health Council, "Planning for Long-Term Care," 2002.

29. Congressional Budget Office, "Financing Long-Term Care for the Elderly," April 2004

30. Wiser Special Report, "The Effects of Caregiving," 2004.

31. AARP Public Policy Institute, July 2002.

32. America's Health Insurance Plans, "Guide to Long-Term Care Insurance," 2004

Leading Edge — Keys to Selling

Markets Where SOLUTIONS Resonate

LEADING EDGE BENEFIT SOLUTIONS	BOOMERS (Ages 42-64)	SENIORS (Ages 65+)	WOMEN
Can't afford Lifetime, but want comprehensive coverage – 5 Years Plus \$1 Million	✓	✓	✓
Appropriate inflation coverage with Automatic Inflation Coverage	✓	✓	✓
Lifestyle Benefit Changes mean your coverage can grow with your changing needs	✓		✓
Lifestyle Benefit Changes removes the guesswork about how much to buy	✓		✓
Maintaining independence with Stay-at-Home Benefits	✓	✓	✓
Caregiver Support Services providing support for family members — immediate benefit	✓		✓
Simplified choices for Benefit Periods, Elimination Periods and Inflation Protection	✓	✓	✓

Markets Where MESSAGES Resonate

LTCI TALKING POINTS	BOOMERS (Ages 42-64)	SENIORS (Ages 65+)	WOMEN
Seeking affordable coverage	✓	✓	✓
Competing financial demands	✓		✓
The importance of having LTCI as part of a complete financial plan	✓		✓
Long term care can happen at any age due to illness, accident or disability	✓		✓
Buying younger means greater affordability and better chance at preferred rates	✓		✓
Not wanting to burden family with cost and caregiving responsibilities	✓	✓	✓
Preserving independence	✓	✓	✓
Maintaining quality of life for the family, whether providing care or receiving it			✓
Staying home as long as possible	✓	✓	✓
Protecting retirement assets and maintaining current standard of living		✓	

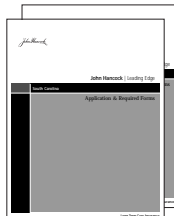
Marketing Materials and Sales Support

CONSUMER PRESENTATION MATERIALS Refer to the Collateral Guide (LTC-5732) for a complete list of available materials.



Leading Edge Product Brochure (LTC-5001)

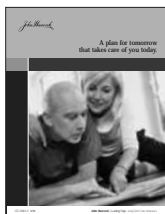
Describes the benefits and features of the *Leading Edge* product including built-in Automatic Inflation Coverage. Refer to the producer website for state variations.



Leading Edge Application Booklets & Required Forms: (LTC-5720, LTC-5720-2)

Refer to the producer website for state variations.

Application booklet with built-in Automatic Inflation Coverage (LTC-5720). Refer to the producer website for state variations.



Leading Edge Product Brochure with 5% Compound GPO (LTC-5001-2)

Describes the benefits and features of the *Leading Edge* product including built-in Automatic Inflation Coverage and an option for 5% Compound Guaranteed Purchase Option.

Refer to the producer website for state variations.

Application booklet with Automatic Inflation Coverage and 5% Compound Guaranteed Purchase Option Benefit (LTC-5720-2).

Both application booklets include an application for couples/partners, an HIPAA Medical Authorization form, an outline of coverage, a Long Term Care Insurance Personal Worksheet, a Notice of Things You Should Know Before Buying, a Notice of Insurance Information Practices, Replacement Forms, an Advance Payment Receipt, and a Notice of Protected Health Information Privacy Practices.



Leading Edge Product and Marketing Guide (LTC-5510)

Provides complete product and marketing information for the sale of *Leading Edge*. Download from the producer website.



Caregiver Support Services Brochure (LTC-5070)

This brochure helps to explain the Caregiver Support Services Benefit and how your clients will receive personalized telephone and on-line assistance to help them with common caregiver questions and concerns. In addition, their family members will have access to provider discounts.

PRODUCER SALES TOOLS



Illustration System (LTC-5717)

Hansel — The desktop version of the illustration system is available by download only. New product releases and changes are updated periodically by John Hancock for download from the producer website.



Illustration System (LTC-5717)

eHansel — The on-line version of the illustration system is accessible from any computer with an Internet connection. Visit ltc.ehansel.com and select “Long Term Care Illustrations” from the welcome screen. New product releases and changes are automatically updated by John Hancock.



Leading Edge Rate Card (LTC-5718)

Step-by-step instructions on how to calculate your client's *Leading Edge* premiums.

For online support and access to all John Hancock LTCI marketing information, please visit www.jhltc.com if you are a broker or www.jhnetwork.com if you are with John Hancock Financial Network (JHFN).

General Information, Administration and Resources

How a Policyholder Becomes Eligible for Benefits

A policyholder is eligible for benefits if he or she is chronically ill and meets the following requirements:

1. Needs substantial assistance to perform at least two of the six Activities of Daily Living (ADLs). ADLs are bathing, continence, dressing, eating, toileting, or transferring. Substantial assistance means needing hands-on or standby assistance while performing an ADL. Standby assistance means the policyholder needs the presence of another person within arm's reach in order to prevent, by physical intervention, injury to the policyholder while they are performing the ADL;

OR

2. Requires substantial supervision to protect himself or herself from threats to his or her health and safety due to the presence of a "cognitive impairment," which is established by clinical evidence and standardized tests as required by John Hancock that reliably measure the insured's impairment.

AND

3. A licensed health care practitioner certifies that the ADL disability triggering benefits is expected to continue for at least 90 days, or that the insured requires substantial supervision due to cognitive impairment.

LTCI Administration

Premium Payment Modes

- Bank draft monthly (voided check required, separate ADP bank draft form will be required if the payor is other than the insured)
- Quarterly
- Semi-annually
- Annually

Please note that the more frequent premiums are paid, the higher the cost.

Direct bill is allowed for quarterly, semi annual and annual modes only.

List billing is available for all four modes (if employer paid, no money required with application).

Premiums will only be billed on the anniversary date of the policy. Off-anniversary billing is not available.

Prepayment

Prepayment with the application is required. A minimum of one month's modal premium must be submitted. Prepayment should be recorded on the Advance Payment Receipt, which is included with the application, and a copy of the receipt should be given to the applicant.

Credit Cards

MasterCard® and VISA® are acceptable payments of premiums for all modes. Advanced Payment Receipt is needed with an application, but no money is needed with application for this form of payment. (A separate Credit Card Authorization Form will be required if payor is other than the insured.)

Age at Issue

If the applicant's age changes within 30 days of the application date (include the date the application was signed and the issue date as 2 of the 30 days), then the younger age is used for the premium calculation. Underwriting requirements are based upon the younger age.

Supplemental Forms

At the time of application, an applicant must receive: (**included in the application booklet*)

- Outline of coverage (prior to application)*
- Medical Authorization Form (HIPAA)*
- Notice of Insurance Information Practices*
- Suitability Forms (LTC-PWK) (LTC-SUIT)*
- Replacement Forms (if replacement is involved)*
- Medicare Buyer's Guide (if eligible for Medicare) (LTC-1014) — prior to application
- Shopper's Guide to Long Term Care Insurance (LTC-1059) (may vary by state)
- Potential Rate Increase Disclosure Form*
- Any other state-required forms or documents

Please review these materials with your applicant at the time of application. All signature-required forms must be submitted with the application.

The application needs to be received in New Business within 30 days of the signature date or it will be marked incomplete and the New Business/ Underwriting process will not be continued.

Resources to Help You and Your Clients

Suitability Guidelines (NAIC Suitability Requirements)

We believe the consumer protection provisions found in the NAIC Model LTCI Act and Regulation provide consumers with valuable information so that they may make informed decisions regarding their long term care insurance purchase. As such, John Hancock complies with the NAIC provisions on suitability, regardless of whether or not the state mandates suitability requirements. In addition, as an IMSA-certified company, John Hancock must maintain suitability guidelines.

In sum, these provisions require us to develop and use suitability standards to assure that the purchase or replacement of long term care insurance is appropriate for the needs of the applicant.

Appropriateness of sale is based upon the individual's financial situation, goals and needs with respect to long term care. In addition, in a replacement situation, an analysis of the benefits and costs of an individual's existing coverage, as compared to the proposed coverage, is required.

Minimum Suitability Standards

Annual income standards apply per person, rather than per couple. If an individual does not meet both the income and asset minimums below, we have the right to decline the application as being an unsuitable purchase.

- An individual must have an income of \$20,000 or greater.
- The combined income for a couple must be at least \$40,000.
- An individual must have assets (savings and investments) which equal at least \$30,000. (Note: assets do not include the applicant's house.)
- A couple must have combined assets which equal at least \$50,000.

These guidelines state that an individual should not purchase the policy if the premium would exceed 7% of their income. In addition, if the individual's assets are less than \$30,000, we will recommend that the applicant consider other options for financing their long term care. Note that these standards may be waived in certain appropriate instances (e.g., child is paying the parent's premium).

In order to assure that a particular LTCI product is suitable, the following elements must also be taken into consideration:

- Who will pay the premium (applicant, a child, etc)
- Where will the premium come from (income, savings, investments, etc)
- What are their living arrangements (are family and friends available to assist in care, if needed)
- What is the actual cost of care in the area where the applicant lives
- How will the individual fund their care costs during the elimination period
- What are the applicant's needs and how can a particular LTCI product satisfy those needs
- What benefits have been selected, including: benefit levels, inflation choices, optional benefits, etc.
- What could happen if the individual experiences a change in financial circumstances
- Do they understand that rates could possibly change in the future

Delivery of Forms

Prior to completing the application, all applicants must receive the:

- "Long Term Care Personal Worksheet," which is completed and signed by both the consumer and the agent
- "Things You Should Know Before you Buy Long Term Care Insurance"
- "Long Term Care Insurance Potential Rate Increase Disclosure Form"

Filling Out the Personal Worksheet

The producer must review with the applicant the income, asset, goals, and needs information from the application. The applicant will be required to either:

- fill out the Personal Worksheet;
- both the consumer and the agent sign the Personal Worksheet (in the space provided), indicating that the individual chooses not to provide the information.

If the applicant declines to provide the financial information, or does not meet our suitability standards, we will suspend the application until we obtain oral or written verification that the individual still chooses to purchase long term care insurance (assuming the application is approved) and still does not want to provide us with the financial information. If telephone verification is used, the call must be clearly documented in the applicant's file. Signed copies of the Personal Worksheet and written documentation that we checked (either in writing or by phone) that the applicant chose not to provide financial information (or does not meet our suitability standards and still wants to purchase the insurance policy) must become part of the permanent application file.

First Household Rule

As distribution systems diversify and our long term care insurance portfolio expands, we continue to see situations where two LTCI applications are submitted on one or more of our portfolio of LTCI products, from different producers, on the same applicant, within the same household.

Consequently, in order to process new business as equitably and efficiently as possible, John Hancock implemented a revised first producer rule effective January 1, 2001. This rule applies to all producer-based sales of the John Hancock product portfolio. The guidelines are referred to as the “First Household Rule.”

The First Household Rule states that the first producer to submit an LTCI application is considered the agent of record for that household for a period of at least six months following the submission of the first application.

In effect, this means that regardless of which policy is ultimately selected by the prospect and consequently placed within the household, the agent of record is credited with the business and paid the full commission. Application submission dates are reviewed to determine the agent of record. Once the agent of record is determined, John Hancock’s Underwriting Department notifies all affected producers.

John Hancock will only accept or process a second application from another producer after a period of six months from the date of the original application or policy issue date, whichever is later. Of course, evidence of insurability will be required.

The First Household Rule is strictly adhered to for all producers. It applies whether or not an advance payment is made on an application, whether or not an age change occurs within the six-month period, and whether or not we receive a letter from the client expressing a preference for one producer or the other.

In a competitive marketplace, some conflict is inevitable. Nevertheless, experience shows that the “First Household Rule” significantly reduces the frequency of conflict, provides clear guidelines for resolution, expedites the processing of new business, better preserves the producer’s investment in a client relationship, and protects John Hancock’s reputation in the marketplace.

Underwriting

If you are unsure if your client will qualify for long term care insurance coverage, you can get fast pre-qualification information by simply calling 888-604-7296, Option 3 (available from 8 AM – 6 PM EST, Monday through Friday).

Some clients may also be approved for Preferred rates. Your client can fill out the Preferred Self-Screening Questionnaire (LTC-2976) to see if they would qualify for these discounted rates.

Other underwriting tools available:

- John Hancock Field LTCI Underwriting Guide (LTC-1727): Find out quickly whether your clients’ medical conditions will have an impact on their eligibility of LTCI coverage, as there are diseases and conditions that may lead our Underwriting Department to decline an applicant. This guide provides a complete understanding of John Hancock’s underwriting programs and processing.
- Consumer Underwriting Process Brochure (LTC-1590): Available to assist you in preparing your client for our underwriting process. It explains in clear language our four underwriting programs. It is essential that your client receive this brochure during the sales process, as this will set your clients’ expectations and ensure the most favorable results.
- Cognitive impairment claims are estimated to make up as much as 40% of claim volume. In our telephone or personal interview, we administer the Minnesota Cognitive Acuity Screen. This simple 15-minute screen identifies cognitively impaired subjects with 98% accuracy.

Getting Approval for Marketing Materials

John Hancock uses an intranet workflow application to facilitate the electronic review of advertisements, sales material and training material. Access to the system is limited to home office, regional, and agency staff of the insurer. Brokers are requested to provide copies of advertisements about or relating to John Hancock or its products to their sales/marketing liaison, who will take care of the home office review process.

John Hancock asks that all items submitted for review be in electronic format. Adobe PDF is preferred, as well as native file formats such as MS Word, MS PowerPoint, etc. Alternatively, items may be scanned as PDF, JPG or TIF files.

All submissions are required to be accompanied by a comprehensive written description of the item, how it will be used and by whom, and the state(s) in which distribution is intended.

State Insurance Department Review

Advertisements are generally reviewed in the order they are received. Until a stable and universally accepted electronic filing platform is developed, most submissions to insurance departments will be done in paper format.

Processing time fluctuates widely depending on the volume and complexity of filings being handled by an insurance department, averaging around 4–6 weeks. Analysts review advertising for content, context, prominence and position of required disclosures, omissions of required information, violations of statutes, regulations, policy provisions and licensing regulations.

Notice of objections, disapprovals, and approvals are sent to the insurer, who will then communicate with the owner of the advertisement. Owners are required to retain a copy of the notice of approval in their records for the advertisement.

Out-of-State Solicitation

John Hancock will require that the residence of all long term care insurance applications be driven by the state where the application is signed. This will be required when the applicant of a LTCI policy is signing the application outside his/her resident state. In this situation you will be required to submit a John Hancock LTCI Situs Verification Form (LTCSITUS).

GOVERNING PRINCIPLES

In most cases, state of issue will be where solicitation takes place. Solicitation is any act or activity undertaken by producer that is designed, or has the tendency, to induce another person or entity to purchase LTCI. The following governing principles must always be followed when determining state of issue:

- The producer must be licensed and appointed in the state where solicitation took place.
- The product must be approved in the state where solicitation took place.
- The application form must be for the state where solicitation took place.
- Policy delivery must be (or must be deemed to be) occurring in the state where solicitation took place.
- There must be a relationship between the applicant of the LTCI policy and state of solicitation.
- The allowable relationships are defined on the John Hancock LTCI SITUS Verification Form.

ADMINISTRATIVE INFORMATION

We will require that all producers complete and submit the SITUS Verification Form in situations where the application is being signed outside the applicant's resident state. This form (LTC-SITUS) can be downloaded from the producer website (www.jhltc.com) under Working with John Hancock>Licensing, or on www.jhnetwork.com under Managing in your Business>Licensing from the homepage), or ordered through your normal ordering process.

Note: Only the producer is required to sign this form.

Guideline 1: If the owner is a resident of the state where the application is taken (signed), the application and the state of issue will be the state where the owner resides.

Example:

- Applicant state of residence is Massachusetts
- Application is taken (signed) in Massachusetts using a Massachusetts application
- Policy delivery will be in Massachusetts
- State of issue will be Massachusetts provided all the above

Guideline 2: If the applicant's state of residence and state where the application is taken (signed) differ, whether or not the product is approved in the owner state of residence, the state of issue and policy form will be the state where the application is taken if:

- The producer is appointed in the state where the application is taken
- The product is approved in the state where application is taken.
- Solicitation takes place in the state where the application is taken.
- There is a reasonable basis to justify delivery in the state where the application is taken versus delivery to the state where the owner resides.

Example:

- Applicant state of residence is New York
- Applicants secondary residence is Florida
- Application is taken in Florida using a Florida application
- State of issue is Florida

Note: These principles are not applicable to applicants for Partnership policies due to the specific regulatory requirements on producers who sell Partnership policies, including, CE certification and that the fact that the applicant of the Partnership policy must be a resident of the state in which they are living.

Tax Information

The Internal Revenue Service allows certain amounts of Long Term Care Insurance premium payments to be deducted from taxable income. The deductions increase with age.

For more details please refer to LTCI Tax Guide (GFR-TX)

Claims

Determining how someone will be cared for can often be a stressful time. That is why financial assistance is not the only kind of support your client needs when faced with a long term illness or injury. They'll want a resource to talk with about care in general. They will also need personal care coordinator who can help design a plan of care that meets their needs and makes the most of their benefits. John Hancock offers these services at no additional cost:

- A plan of care
- Assistance with the claims process
- Advice regarding caregiving resources in their community
- Resources to help their family manage the complexities of any care decisions

Claims Process Flier (LTC-3066) - This producer flier explains the easy steps of our LTCI claims process from the moment a client calls to the moment they receive care.

Licensing

You may obtain a John Hancock appointment by filling out the Appointment Datasheet and submitting it to us, along with any required registrations or certifications.

To obtain a John Hancock appointment:

1. Submit a current insurance license copy for each state in which you are requesting an appointment;
2. Submit any additional forms if required, such as Health Insurance or LTCI certification; and
3. Mail or fax the datasheet and forms to:
John Hancock Licensing and Registration
One John Hancock Way, Suite 1600
Boston, MA 02117-1600
Fax: 617-450-8057

To check your appointment status, call toll-free: 800-377-7311.

For information on state restrictions and education requirements, download the Guide to Licensing from our website. If you are selling LTCI products in states that require Continuing Education please review the Guide to LTCI Licensing document for related information.

Medicare/Medicaid

Contrary to what your client might think, many long term care services are not typically covered by any other kind of insurance, including health and long term disability insurance. Long term care insurance policies cover the day-to-day assistance your client needs when they have a chronic illness, disability or cognitive impairment. As for government programs, Medicare pays only for short periods of care. Medicaid covers only the very poor — those whose assets and income are at or below state-required levels. Medicaid will not pay for custodial care, adult day care, board & care facilities or assisted-care living facilities.

- **Medicare:** the federal program providing hospital and medical insurance to people aged 65 or older and to certain younger ill or disabled persons. It will pay benefits for skilled care or sub acute nursing care that is provided by a licensed nursing professional, but these benefits are limited and require that the patient show progress toward recovery. Medicare will not generally pay for non-skilled custodial care, which make up the vast majority of long term care services.
- **Medicaid:** medical and health welfare program supported by federal, state and local funds, and administered by each state to provide health care for eligible poverty level individuals. Generally, Medicaid will cover long term care in a skilled nursing facility only if the individual meets medical criteria set by the state and spends-down assets prior to becoming eligible for coverage. These assets may include cash, stocks, bonds, all general investments, qualified plans, life insurance, vacation property and investment property.

If you need further information, please visit <http://www.cms.hhs.gov/MedicaidEligibility> or contact your local Medicaid office

Sales Support

If you have any questions about *Leading Edge* or any of our LTCI products contact one of our LTCI Sales Support Hotlines at:

- JHFN producers and brokers call 888-604-7296
- National Accounts and Broker/Dealers call 800-270-1700
- MGAs and affiliated producers call 800-377-7311

Conclusion

Consumers are becoming increasingly more aware of the need to plan ahead for LTCI, and as that awareness grows, so does your opportunity to grow your LTCI business. *Leading Edge* will provide you, our valued distribution partners, with a cutting-edge product that addresses the full spectrum of consumers' LTC needs. It will also help you differentiate yourself in a very competitive LTCI market.

As a leader in LTCI with outstanding brand name recognition, John Hancock is committed to providing you with innovative, comprehensive, and competitive product solutions, unwavering producer support, and the claims experience and customer service that your clients deserve.

Position yourself for success with John Hancock.

Notes



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Long term care insurance is underwritten by
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