



LONG-TERM CARE
INSURANCE

Freedom Broker Services

Long Term Care Insurance

Multilife Marketing Webinar

August 17th, 2009

What's the Market Opportunity?⁸

Size of Business (Employees)	1-500	501-1,000	1,001-5,000	5,001+	TOTAL
Total Number of Businesses in the United States	5,750,200	8,341	6,745	1,814	8,080
Total Number of Businesses offering LTC Insurance	5,333	1,050	808	889	5,767,100
Total Number of Businesses NOT offering LTC Insurance	<u>5,744,867</u>	7,291	5,937	925	5,759,020

There are over 5.7 million businesses in the United States.

According to LIMRA, there were only 8,080 employers in the United States offering Group LTC insurance to their employees by the end of 2006. Of those employers offering Group LTC insurance, 66% of them have between 1-500 employees.

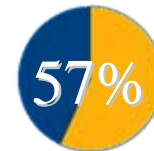
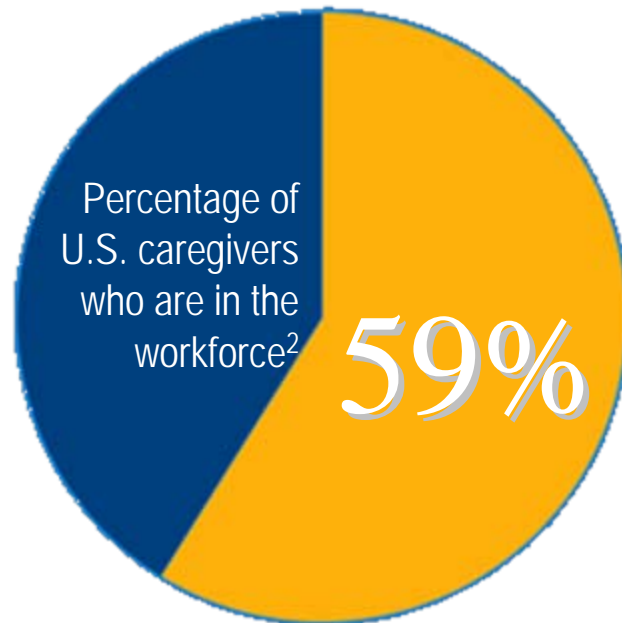
8. Estimates based on data from U.S. Census Bureau, LIMRA and based on HIAA Employer's Guide to LTCI, 2003, LIMRA year-end data, 2006; U.S. Small Business Administration, Small Business Profile in the United States, 2006; HIAA Employer's Guide to LTCI, 2003, "What's Hot and What's Not in Voluntary Benefits.", Aon Consulting, January 2006.

Why Should a Business Owner Sponsor an LTC Plan

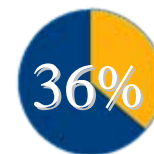
- Attract and retain key employees
- Shows employer cares about offering a meaningful benefit
- Caregiver Support Services that provide “now” benefits to employees and their families, so employees can get the help they need for loved ones and continue to stay and focus on their job
- Triple tax benefits for employer paid plans
 - Premium is likely tax deductible
 - Premium is not income to the employee
 - Benefits are generally received tax free

How LTCI Benefits Employers

- Caregiving costs employers up to \$45.5 billion dollars a year¹
- LTCI gives employees resources to help with caregiving duties, which can help them make the most of their time at work and may increase productivity



of employees with caregiving responsibilities who come in late or leave early³



of caregivers who took a leave of absence, reduced their time at work from full-time to part-time, took early retirement, or quit due to their caregiving responsibilities⁴

1 Calculations based on the following data: (a) 26.2 million working caregivers in The United States [59% of the 44.4 million caregivers in the U.S. - AARP Public Policy Institute and National Alliance for Caregiving Study, Caregiving in the United States, 2004 study and fact sheet.] (b) average U.S. hourly rate of \$18.09 [U.S. Bureau of Labor Statistics, 2004] (c) average of 5-12 (8-hour) days a year of lost time due to caregiving responsibilities [U.S. Department of Health and Human Services, FAQs: Family Caregiving, December 16, 2003].

2, 3, 4 AARP Public Policy Institute and National Alliance for Caregiving Study, Caregiving in the United States, 2004 study and fact sheet.

C Corporation Taxation

- C Corp can deduct 100% of the premiums paid on behalf of its employees, their spouse and dependents. The deduction is not limited to the age-based Eligible Premium amount listed in Table 1 [IRC 162(a)]
- The purchase of LTCI policy is not subject to any nondiscrimination rules, thus allowing an employer to be selective in the classification of employees it elects to cover (e.g., a select group of key employees)
- The entire LTCI premium paid by the business is excluded from the employee's Adjusted Gross Income, even if the premium exceeds the Eligible Premium listed in Table 1
- This exclusion is for both employees of the C Corp and less than 2% shareholder/employees of an S Corp

S-Corp, LLC, Partnership Taxation

- Partners in a partnership, members of an LLC that is taxed as a partnership, and shareholders/employees of an S-Corp who own more than 2% of the Corp are taxed as self-employed individuals
- Include the premium in income but can deduct up to the Table 1 [IRC 162(a)] age-based Eligible Premium amount – not subject to the 7.5% AGI threshold
- Benefits are generally received tax free
- Employee premiums of the above entities are fully tax deductible by the business and are not considered income to the employee and benefits are generally received tax free

Attained Age Before the Close of the Taxable Year 2009 Eligible Premium Amount

- 40 or less - \$320
- 41 to 50 - \$600
- 51 to 60 - \$1,190
- 61 to 70 - \$3,180
- 70 plus - \$3,980

John Hancock Multilife Solutions

John Hancock Now Has A Product for All Markets

- Sponsored Group Discount Program
 - Individual Product Useful in Some Employer & Association Opportunities
- Corporate Solutions
 - 7 – 3,000 eligible employees
- CorporateChoice:
 - 25 – 1,000 Eligible Employees
- CareChoice:
 - Large Employers with over 1,000 Eligible Employee



LONG-TERM CARE
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Employer/Association Sponsored Programs

Sponsored Group Discount Program

Long Term Care is Underwritten by John Hancock Life Insurance Company, Boston, MA 02117.
For professional use only. Not for use with consumers

Sponsored Group Benefits

- 5% Discount on premium
- Flexibility on choice of product
 - Any individual product that is offered in the group's state is available with the 5% discount.
- 50 states + Puerto Rico Approved
- Ability to use the Sponsored Group Discount Program with both Employer groups AND Affinity markets.
- All eligible members count toward production requirement
 - *Members, Employees, Retirees, Spouses/Partners, Parents, Grandparents, Siblings, Children, Step Equivalentents and Inlaws*

Sponsored Group Requirements

Employer:

- 5 fulltime employees (30hrs/wk)
- Existence for 2+ yrs

■ Association:

- 10 Members
- Existence for 2+ yrs
- Operate under a Charter or Bylaws – Members should pay dues or have voting rights
- Not setup solely for marketing/discounts/insurance purposes

■ Production Requirements:

Base: 3 Applications submitted in 90 days

Within 5 Paid Policies <1000

12 Months: 10 Paid Policies >1000

Full Exclusivity available for certain situations (ex: significant marketing dollars being spent)

Groups: Eligible or Not

■ Eligible Groups:

- Fraternal Organizations / Civic Organizations (Elks Club, Kiwanis, Etc)
- Occupational Associations (Bar Association, Teachers Association, etc)
- Non – Profits (Need proof of non-profit status found typically in bylaws)
- Closed Credit Unions
- Chambers of Commerce

■ Ineligible Groups:

- Churches/Parishioners (can be setup for employees of the church)
- Open Credit Unions (can be setup for employees of the credit union)
- Philanthropic
- Marketing Groups
- Any group without membership restriction of some kind

■ Strong Groups:

- Teachers Associations – Age demographic and Education Level
- Bar Associations – Income level and Age demographic
- Professional Organizations – White Collar, Highly Educated
- Chambers – Book-of-Business builders, multiple business owners in one location

Approval Process

■ Sponsored Group Workbook (LTC-Workbook)

- Information Worksheet – *Basic info about group and agent*
- Acknowledgement Letter – *A letter allowing termination by any party*
- Membership Verification – *Accompanies EACH application*
- Marketing Plan Template – *Helps organize marketing strategy for larger groups*
 - *The marketing plan template is for ANY association or employer that has over 100 lives.*
 - *Associations/societies/chambers/etc need a charter/bylaws as well*
 - *Letter needs to be on group/employer letterhead*

■ This can be Emailed, Faxed, or Mailed to me for approval. Please allow 7-10 days for approval.

- **Fax:** 617-572-4434
- **Email:** Rohunter@jhancock.com
- **Mailed:** Robert Hunter, John Hancock, 200 Berkeley Street, B6-07, Boston, MA 02116

Marketing Support

Collateral Guide

- Trends
- Generic Brochures
- Co-Brandable Pieces available at negligible cost per piece
- Direct Mailers
- Electronic Pieces
- Web Order System
- A la Carte Folder

■ Co-Brandable Sponsored Group Website

- Website Application/Linking Agreement
- Generic Test URL:

<http://www.johnhancocklongtermcare.com/index.jsp?cid=00072>



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The most popular sponsored group

“Valued Client Discount”

Existing Manulife or John Hancock
Annuity or Life Policyholder



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Corporate Solutions

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Corporate Solutions Program Highlights

- Program wrapped around the very competitive Leading Edge product
- Low minimum participation requirements
- No commission reductions
- The availability of simplified underwriting for eligible employer pay Spouses/Partners¹
- True split billing for employer pay cases, making it easy for the producer and the employer to reconcile premiums
- Preferred discounts available to certain groups²

1. Available to Spouses/Partners of employer pay actively-at-work eligible employees age 18–64. Minimums do apply.

2. Employer-paid Spouses/Partners will receive Select rates. Preferred rates are not available.

Desired Demographics

- Average eligible employee age of 40 or higher
- Average eligible employee salary of \$40,000 or higher, or 1.5 times the state average
- A highly educated population
- Good participation in voluntary benefits
- Strong employer endorsement

Best Opportunities

- Small employers who prefer that their local agent/broker coordinates enrollment activities and is the primary point of contact
- Groups sizes from 7 – 3,000 lives (Ideally under 500)
- Employer who prefer offering individual insurance policies
- Ideal for executive carve-out or core-plus buy-up opportunities

Program Overview

Employer Pay

Voluntary Pay

Eligible Employees (EE)

■ Full-time, actively-at-work EE working 30 hrs+/week

■ Same

■ EE ages 18-64

■ U.S. resident or citizen

Minimum Participation Requirements

■ 7 eligible actively-at-work EEs of a *distinct class* must apply & be approved within 60 days open enrollment

■ 10 eligible actively-at-work EEs must apply & be approved within 60 days open enrollment

Program Overview

Employer Pay

Simplified Underwriting for Employees

- Eligible, actively-at-work EEs ages 18-64 complete only Section 3A of the *Leading Edge* Corporate Solutions multi-life application
- No additional U/W required

Voluntary Pay

- Same

Program Overview

Employer Pay

Voluntary Pay

Simplified
Underwriting
Available Plan
Options

- Benefit Amount: \$50-\$300 a day or \$1,500-\$9,000 a month
- Benefit Period: 3 or 5 year
- Inflation: Automatic Inflation Option (CPI) or 5% Compound GPO where offered
- Elimination Period: 100 days
- Riders: SharedCare, Zero-Day EP for Home Care, and Nonforfeiture
- All Payment Options

- Same

Program Overview

Employer Pay

Ratings & Discounts¹

- Eligible EEs may qualify for 15% Preferred rate discount
- 15% Partner/Spouse discount if one applies, 30% if both apply and are approved
- 5% Sponsored Group Discount taken after other discounts are incorporated
- Loyalty credit of 5% is available

Voluntary Pay

- Same

1. There is a 40% maximum discount for those that qualify for Preferred and Partner/Spouse discount. Family Discount and Valued Client Discount are not available in conjunction with the Sponsored Group Discount.

Qualifying for Preferred

- Legal services (law firms)
- Courts of law – legislative bodies
- Engineering and architectural firms
- Accounting and auditing firms
- Advertising agencies
- Offices and clinics of doctors of medicine
- Offices and clinics of dentistry
- Chiropractic offices or clinics
- Medical laboratories
- Drug/pharmaceutical companies
- Colleges, universities & professional schools
- Mortgage bankers
- Security brokers and dealers
- Investment offices
- Insurance professionals
- Telephone/telegraph communications companies and other message communications companies
- Management and public relations services

Qualifying for Preferred

- Minimum of 100 eligible employees
- Minimum participation of 10 eligible employees
- Average salary of eligible employees \$45,000 and above
- Average age of eligible employees of 40 and above
- Minimum participation of 7 eligible employees
- Average salary of eligible employees \$45,000 and above

Groups that do not qualify for Preferred

- Select rates
- Eligible simplified underwriting employees
- Eligible employer pay Spouses/Partners who qualify for simplified underwriting

For groups where employers will be paying for some eligible employees and offering the program to other eligible employees on a voluntary basis, Voluntary pay group demographic requirements apply.

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An Overview of the CorporateChoice Product



Core Plan Design Benefits

- Nursing Home Care
- Alternate Care Facility Care¹
- Home and Community Professional Care (HCPC)
 - Home Health Care
 - Adult Day Care²
 - Homemaker Services
- Informal Care
- Stay-at-Home Benefit



1. In Kansas, this is included in Nursing Home Care; it is not a separate benefit.

2. Washington refers to this as Adult Day Health Care.

Please refer to the policy for a complete description of plan features, limitations, and exclusions. Benefits may vary by state.

Additional Core Plan Design Features



Home and Community Professional Care Benefit

- Enhanced Home Benefit Provision
- Cash Benefit Option
- Monthly Pool Approach Option

■ Hospice Care Benefit

■ Alternate Plan of Care Benefit



Flexible Inflation Offerings

- Future Purchase Option (FPO)
- Automatic Consumer Price Index (ACPI)
- Automatic Benefit Increase (ABI)

■ Return of Premium at Death

■ International Benefits

Additional Core Plan Design Features

- Nonforfeiture Benefit
- 60-Day Bed Reservation
- Guaranteed Acceptance or Simplified Underwriting in many cases
- One-Time Qualification Period
- Waiver of Premium
- Full Portability
- Care Coordination



- Support services for non-insured family members¹

1. John Hancock reserves the right to modify or discontinue this service in the future. Please refer to the policy for a complete description of plan features, limitations, and exclusions. Benefits may vary by state.

Enrollments Made Easy

- One point of contact
- Ease of installation
- Comprehensive marketing campaign mailed to employees' homes
- Customized employer websites to facilitate education and enrollment
- Technology that supports enrollment, customer service, billing and claims
- Enrollment meeting support
- Employer responsibilities limited to providing logo for endorsement and access to employee population

IN CONCLUSION

John Hancock Has A Product for All Markets

- Sponsored Group Discount Program
 - Individual Product Useful in Some Employer & Association Opportunities
- Corporate Solutions
 - 7 – 3,000 eligible employees
- CorporateChoice:
 - 25 – 1,000 Eligible Employees
- CareChoice:
 - Large Employers with over 1,000 Eligible Employee

John Hancock Makes It Easy

- Innovative plan designs
- Proven experience
- Competitive pricing
- Dedicated staff of over 700 LTCI professionals
 - Account management team
 - Communications and enrollment expertise
 - Care coordination and patient advocacy
- No outsourcing of major functions

Choose the GLTC Market Leader

- A leading LTCI provider since 1987
- #1 GLTC carrier with 33% market share¹
- Both Individual and Group LTC
 - \$1 million in claims paid per day with over \$2 billion in total claims paid²
 - Over 1 million insureds²
 - Over \$10.1 billion in LTC insurance reserves for current and future claims²
- Track record of rate stability
- Focused commitment to LTCI
- Insurer for the Federal Long Term Care Insurance Program (FLTCIP)

1. Based on new sales premium, LIMRA, 2008.

2. Based on John Hancock internal data as of December 31, 2008.



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