



Corporate Solutions Custom Care II California



PARADIGM INSURANCE MARKETING

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Agenda

- The Worksite Opportunity
- The Corporate Solutions Program
- Case Studies
- Marketing Materials

John Hancock: A Standard of Excellence

- Leadership
 - John Hancock is a committed leader in the long-term care (LTC) insurance market
 - John Hancock is the nations largest seller of LTC insurance, ranking #1 in 2007 and 2008¹
 - We have more than 1 Million LTC insurance policyholders in-force as of December 31, 2008²



1. LIMRA International, Individual and Group LTC Insurance Survey results for YTD 2007 and 2008. Based on new premium sold through the individual and group markets, as well as 50% of sales through the Federal LTC Insurance Program.

2. Based on John Hancock internal claims data as of December 31, 2008. Total includes individual and group LTC insurance and 50% of the Federal Long-Term Care Insurance Program.

John Hancock: A Standard of Excellence

- **A History of Paying Claims for our Policyholders**
 - We have more than \$9.2 billion in LTC insurance claims reserves²
 - With 20 years of LTC insurance experience, we are a company that has kept its promises, paying more than \$2 billion² in claims on our LTC insurance policies



Why John Hancock Worksite Solutions?

- **Expanding Business Market Access**
 - Sponsored Group
 - Corporate Solutions
 - CareChoice
 - CorporateChoice
- **John Hancock has a LTC insurance product for every market**



What's the Market Opportunity?⁷

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	5,767,100
Total Number of Businesses offering LTC Insurance	5,333	1,050	808	889	8,080
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



7. 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 Employers Sponsor an LTC Plan?

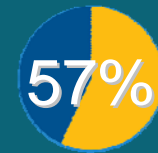
- **Attract and retain key employees**
- **Shows employer cares by offering a meaningful benefit**
- **Provide Caregiver Support Services** – a “now” benefits to employees/their families; employees get the help they need for loved ones while continuing to stay & focus on their job
- **Deliver a triple tax benefits for employer-paid plans**
 - Premium may be tax deductible to employer
 - Premium is not income to the employee
 - Benefits are generally received tax free
- Eliminate/reduce premature/unplanned use of 401(k)/Retirement fund/personal savings
- **Long-term care insurance is the second-most requested benefit by employees in the U.S! (1)**

- 1. Aon Employee Benefit Study, “What’s Hot and What’s Not in Voluntary Benefits” 2014/06
- 7. Benefits and premiums may vary by state

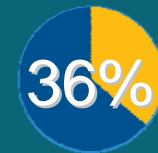


How LTCI Benefits Employers

- 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

John Hancock

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.

Employer-Sponsored LTCI - Filling the Gap

EMPLOYEE NEED	EMPLOYER SOLUTION
Healthcare	Group Health Plan
Dental	Group Dental Plan
Premature Death	Group Life Plan
Income Replacement	Group Disability Plan
Personal Assistance	Employee Assistance Program
Retirement Portfolio	401(k) Program
Protection of Retirement Portfolio Against Costs of LTC	MultiLife Long-Term Care Insurance Plan





Corporate Solutions Custom Care II California



Program Details

Corporate Solutions Overview

- **Simplified Underwriting** for both employees and employer funded spouse/partners
- **5% group discount** for employees, retirees and eligible family members
- **7 employee-life minimum participation** on employer-paid plans (10 employee-life minimum participation on employee/voluntary plans)
- Availability of a **15% Preferred Discount** for *certain* target industries
- **Competitive pricing** with our comprehensive Custom Care II California product



John Hancock Recommended Demographics

- Average eligible employee age of 40 or higher
- Average eligible employee salary of 1.5 times the state average (\$45,000+)
- A highly educated population receptive to long term care planning and education
- Good participation in other voluntary benefits offered
- Strong employer interest and endorsement

Desired Group Size

- Small to mid-sized employers
- At least 7 - 3,000 actively-at-work eligible employees
- Ages 18-64
- Groups over 3,000 can be submitted for special Home Office review

Program Overview

	EMPLOYER (ER) PAY	VOLUNTARY PAY
Policy Structure	<ul style="list-style-type: none">• Individual LTC insurance policies	<ul style="list-style-type: none">• Same
Product Available	<ul style="list-style-type: none">• Custom Care II California• Leading Edge in all other states	<ul style="list-style-type: none">• Same
Employer Requirements	<ul style="list-style-type: none">• Meets a desired demographic profile• Group exists for reason other than insurance• ER certify employee census and will support program• Will introduce and provide access to their employees	<ul style="list-style-type: none">• Same



Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Eligible Employees (EE)	<ul style="list-style-type: none"> • Full-time, actively-at-work EE working 30 hrs+/week • EE ages 18-84 (80-84 restricted benefits) • U.S. resident or citizen 	<ul style="list-style-type: none"> • Same
Simplified Underwriting for Employees	<ul style="list-style-type: none"> • Eligible, actively-at-work EEs ages 18-64 complete only Section 3A of the Corporate Solutions CCII California multi-life application • No additional U/W required 	<ul style="list-style-type: none"> • Same
Minimum Participation Requirements	<ul style="list-style-type: none"> • 7 eligible actively-at-work EEs of <i>distinct classes</i> must apply & be approved within 60 days open enrollment 	<ul style="list-style-type: none"> • 10 eligible actively-at-work EEs must apply & be approved within 60 days open enrollment; 100 total employees



Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Simplified Underwriting for Spouses/ Partners	<ul style="list-style-type: none">• ER paid Spouses/Partners• ER must pay base plan for all eligible Spouses/Partners• Eligible Spouses/Partners ages 18-64 complete only Section 3A• No additional U/W required• All Spouse/Partner buy-ups, beyond base plan, require full U/W & don't count towards minimum participation requirements	<ul style="list-style-type: none">• N/A

Program Overview

EMPLOYER PAY

VOLUNTARY PAY

Simplified Underwriting Available Plan Options

- Nursing Facility Maximum Benefit Amount: \$50-\$300 a day (\$10 increments)
 - Home Care & Residential Care Facility %: Either 100% or 70% of the Nursing Facility Daily Benefit (multiply x 30 for Home Health Care)*
 - % selected for Residential Care Facility must be the same as Home and Community-Based Care Benefit
 - Home Care Benefits are always paid monthly
- * \$80+/day minimum DB with 70% HCRC

- Same

Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Simplified Underwriting Available Plan Options	<ul style="list-style-type: none">• Benefit Periods: 1, 2, 3, 4 or 5 years• Elimination Periods: 30, 60, 90, 180, 365, 730 or 1,095 days• 1 = 1 each day of service counts as one day towards EP• Inflation Options: 5% Simple, 5% Compound, or None with one-time conversation to either 5% Simple or 5% Compound @ age 65	<ul style="list-style-type: none">• Same

Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Simplified Underwriting Available Plan Options	<ul style="list-style-type: none">• Optional Riders:<ul style="list-style-type: none">– Enhanced Home & Community-Based Care– Nonforfeiture– Enhanced Return of Premium– Shared Care– Survivorship and Waiver of Premium Benefit• All Payment Options including Limited Pay<ul style="list-style-type: none">– 10 Pay– Paid Up @ 65	<ul style="list-style-type: none">• Same

Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Other Eligibles (Non-Simplified Underwriting)	<ul style="list-style-type: none">• 5% Sponsored Group Discount will extend to EE's, Spouses/Partners not eligible for Simplified U/W, retirees, parents, grandparents, children, siblings, and all in-law and step equivalents.• Complete full Corporate Solutions CCII California application and subject to Full U/W• These individuals <i>do not</i> count toward minimum participation requirements	<ul style="list-style-type: none">• Same

Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Ratings & Discounts ⁸	<ul style="list-style-type: none">• Eligible EEs may qualify for 15% Preferred Industry 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• Maximum Total Potential Discount = 43% w/ Preferred Industry Discount, Spousal and Worksite	<ul style="list-style-type: none">• Same



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

Program Overview

	EMPLOYER PAY	VOLUNTARY PAY
Compensation	<ul style="list-style-type: none">• Sponsored Group retail commission schedules apply	<ul style="list-style-type: none">• Same
New Hires/EE Returning from Leave of Absence	<ul style="list-style-type: none">• ER must certify that EE meets the JH requirements• EE must apply within 60 days of meeting requirements• Product offering and terms subject to rules of program at time of offer and subject to change at any time	<ul style="list-style-type: none">• Same

Qualifying for Preferred Industry Discount – 15%

- 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 Industry Discount

VOLUNTARY PAY

- 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

EMPLOYER PAY

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

Groups that do not qualify for Preferred Industry Discount

- **Select Rates for**
 - 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

Ineligible Industries and Groups

- Asbestos manufacture, installation, and removal
- Atomic energy and nuclear power plants
- Auto and building wreckers, salvage, junkyards, and scrap dealers
- Bars and cocktail lounges, liquor stores
- Chemical industries
- Explosive manufacture and distribution
- Marine salvage and towing
- Mining and quarrying
- Oil and gas exploration (drilling and removal)
- Forestry

Please note: We may consider the management employees of the above industry groups



Partner Discounts

- **Defined as:**
 - Spouse of a married couple (or)
 - Registered Domestic Partners (or)
 - Partners who lived together for 3 years (or)
 - Family members of the same generation that have lived together 3 years
- 15% discount for a partner applying
- 30% if both applying and approved
- 43% Cap on Discount for Preferred, Both Apply & Approved
- Partner Discounts are always based on Select rates



Corporate Solutions Custom Care II California



Getting Started

Creating a Census

- Quoting census template (LTC-CS4039) at (www.jhltc.com) under Corporate Solutions “Getting Started”
 - **Employee name or ID** (if available)
 - **Date of birth** (mm/dd/yyyy)
 - **State of residence**
 - Marital/Partner status (if available)
 - Rate class
 - **Salary information** (Required if requesting Preferred rates to be run by Home Office)
- If ER pay for Partners/Spouses include:
 - Spouse/Partner name (if available)
 - Spouse/Partner date of birth (mm/dd/yyyy)

Steps to Approval. . . - 2 Steps to Success!

Step 1 – Review the Eligibility Requirements

- Review the eligibility requirements for the Corporate Solutions Program to confirm the employer meets the eligible guidelines to qualify for the program

Step 2 – Employer Approval Worksheet

- Complete the California Corporate Solutions Employer Approval Worksheet (LTC-CS4053CA)
- Obtain employer group census (LTC-CS4043)
 - Employee ID or Name
 - Occupation/title (if available)
 - Date of hire (mm/dd/yyyy)
 - Date of birth (mm/dd/yyyy)
 - State of residence
 - Marital/Partner status (if available)
 - Annual salary
 - Tier or class #
- If ER pay for Partners/Spouses include
 - Spouse/Partner name (if available)
 - Spouse/Partner date of birth (mm/dd/yyyy) required if employer funded



Marketing Plan

- For best results, we recommend a period of communication and education take place a minimum of 1-2 weeks prior to the start of the enrollment period & application solicitation
- Communications to employees may take many forms
 - Home letters
 - E-mails
 - Posters
 - Flyers
 - Payroll stuffers
 - Table tents
 - Employee meetings

Billing Options

- List Bill
 - Used for employees and potentially spouses/ domestic partners
 - Complete List Bill form
 - No initial deposit required
 - You will need to complete the Advanced Payment Receipt
 - Initial deposit \$0
 - Monthly, quarterly, semi-annual or annual
 - Generated on 1st, 15th or 28th of the month
 - Mailed next business day
 - Employer receives two bills
 - 1 for their records
 - 1 to return with the premium check

Billing Options

- Direct Billing
 - Can be used for employees, spouse, other eligibles
 - Requires one month deposit⁹
 - Credit card in all modes on voluntary pay



9. Required direct bill deposit may vary by state

Case Studies

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LONG-TERM CARE
INSURANCE

Corporate Solutions Case Highlights

Mid-Size High Tech Firm

- Roughly 100 eligible employees in this C-Corp Firm
- Employer requested employer pay all core plan with buy-up options
- Employer paid for most other employee benefits as well
- 90 employees and 22 spouses/partners participated
- Average age was above 40, salaries of many over \$100,000
- Case was split between Employee Benefits Specialist and Agent 50/50 with Agent acting as enroller

Corporate Solutions Case Highlights

Small Tool and Manufacturing Company

- Employer paid for 32 eligible employees + 20 eligible spouse/partners
- Average age - 47.62, average salary - \$88,000
- Benefit Level for employee and spouse/partners
 - \$130 a day, 3 year benefit, CPI inflation - Life Pay
- **Results: Group qualified for Select Rates for all eligible Simplified Underwritten Employees and Spouse/Partners**
- **Total Placed Premium: \$70,000**



Corporate Solutions Case Highlights

Small Law Firm

- Employer paid for 19 eligible employees and 12 spouse/partners. Average age: 51.13, average salary: \$191,333
- Two levels of benefits
 - Tier 1: 12 employee's + 12 spouses/partners
 - \$200 a day, 3 year benefit, CPI inflation, Shared Care, Life Pay
 - Tier 2: 7 employee's
 - \$100 a day, 3 year benefit, CPI inflation, Life Pay
- **Results: Group qualified for Preferred Rates for all eligible Simplified Underwritten Employees**
- **Placed Premium: \$46,833.59**





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