



CPI-Linked Inflation Protection

A smart way to grow your
long-term care insurance benefits



Inflation protection —

An important decision when
buying LTC insurance

Choosing the right type of inflation coverage is one of the most important decisions you will make when purchasing a long-term care (LTC) insurance policy. It's critical that the policy you purchase today enables your benefits to keep pace with the anticipated future costs of care. At the same time, you want inflation protection at a price that fits your budget. John Hancock's CPI-linked inflation protection is an option that offers you both.

Affordable protection that meets your needs

The younger you are when you buy your policy, the more important inflation protection becomes. For example, if you purchase LTC insurance in your 50s or 60s, you might not need to access your policy benefits for 20 years, or maybe more. The challenge is to find an inflation option that meets your needs over the long term, while also keeping your annual premium level and affordable.

John Hancock offers a CPI-linked compound inflation option that provides annual LTC insurance benefit increases based on changes in the Consumer Price Index for all Urban Consumers (CPI)¹. As one of the most recognized and trusted indicators of U.S. inflation, the CPI is often used to provide cost-of-living wage increases to millions of American workers. In addition, 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.

1. CPI refers to the non-seasonally adjusted Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the U.S. Department of Labor.

CPI-linked inflation protection — How it works

Every year on your policy anniversary, your benefit² and your Total Pool of Money³ will be automatically adjusted according to the increase in the CPI. The rate used to determine the actual increase in your benefits⁴ is the percentage change in the CPI over the one-year period ending three months prior to your policy anniversary.

The Amount of Your Increase Is Unlimited

Just as there is no limit to the rate of inflation, there also is no limit to how much your benefits can grow with CPI-linked inflation protection. When the CPI increases — even during periods of high inflation, such as 1980 when the percentage increase reached 13.5%⁵ — your benefits and your Total Pool of Money will increase accordingly, while your premiums remain the same.

Your Benefits Will Never Decrease Based on CPI

If the percentage change in the CPI is ever negative, your benefits will remain level. In fact, your benefits will never go down due to a change in the CPI. Any negative change must be offset by future increases in the CPI. Once the negative change in the CPI is offset, your benefits will increase again.

2. Benefit refers to the policy's Daily or Monthly Benefit Amount.

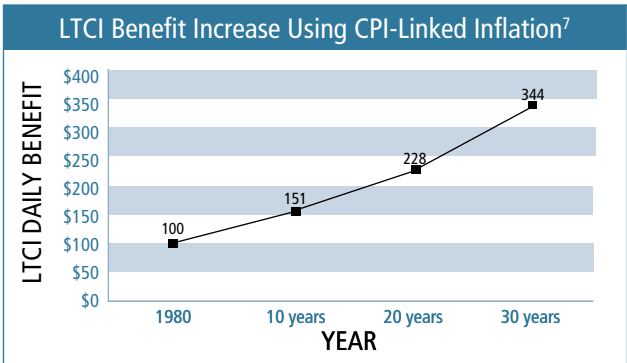
3. Total Pool of Money represents your Daily or Monthly Benefit multiplied by the Benefit Period you select.

4. Increase is based on your remaining pool of money.

5. CPI-related data obtained from the Bureau of Labor Statistics of the U.S. Department of Labor. Historical changes in the CPI may not be indicative of future results.

Keeping Pace With the Rising Costs of Care

While the rate of inflation can vary from year to year, the average annual increase in the CPI for the 50-year period ending December 2012, was 4.2%.⁶ The chart below shows the growth of a \$100 Daily Benefit over the past 10, 20, and 30 years using CPI-linked inflation protection.⁷



Your CPI Option

Depending on the LTC insurance policy you buy, John Hancock offers a CPI Compound Inflation option, which provides annual benefit increases for the life of your policy.

6. Historical changes in the CPI may not be indicative of future results.

7. Benefit increases are hypothetical and are based on the average annual increase in the CPI of 4.2% over the 50-year period ending December 2012.

Guaranteed Increase Option

An Added Bonus With CPI-Linked Inflation Protection

In addition to any annual increases received through CPI-linked inflation, policyholders who select this inflation protection will also have a Guaranteed Increase Option (GIO). This feature gives you the opportunity every three years to increase your existing benefits by 5% — for any reason, and with no health questions or exams. Benefit increases made through the GIO will require additional premium.⁸



8. GIO offers will not be available after age 75, after two declined offers, or if you were Chronically Ill in the two year period prior to your option date. Premium increases under GIO are based on your age and the rates in effect on the option date, and your original risk category (Preferred, Select, or Substandard).

PREMIUMS ARE NOT GUARANTEED TO REMAIN UNCHANGED.

As long as you pay the required premium, you have the right to continue the policy for as long as you live or until the policy limit is reached. We cannot cancel the policy unless you do not make the required premium payments on a timely basis. We cannot change the provisions of this policy without your consent. However, we do reserve the right to increase your premium as of any premium due date in the future. Any changes in premium rates must apply to all similar policies issued in your state to policyholders in the same class on this policy form. This means we cannot single you out for an increase because of your advancing age, declining health, claim status, or for any other reason related solely to you.

LIMITATIONS

- Benefits will not be paid for charges during the Elimination Period, except for Care Advisory Services, and the Additional Stay at Home Benefit.
- Benefits will not be paid in excess of the Policy Limit, except for Care Advisory Services and the Additional Stay at Home Benefit.
- We will only pay benefits for services specified in the Plan of Care. We will determine services under the Plan of Care for which benefits are payable, and the amount of such benefits, which shall not exceed charges normally made for similar care, services, or other items in the locality where they are received.
- This policy contains a coordination of benefits provision: We may reduce benefits payable under this policy for long-term care services if we also pay benefits for such services under any other individual long-term care insurance policy issued by us. This includes policies providing nursing home, assisted living facility, and/or home health care coverage, whether payable on an expense reimbursement, indemnity, or any other basis.*

EXCEPTIONS

This policy does not cover care, treatment, or charges:

- for intentionally self-inflicted injury
- required as a result of alcoholism, alcohol abuse, or drug addiction (unless the drug addiction was a result of the administration of drugs as part of treatment by a physician)**
- due to war (declared or undeclared) or any act of war, or service in any of the armed forces or auxiliary units***
- due to participation in a felony, riot, or insurrection****
- normally not made in the absence of insurance****
- provided by a member of your immediate family, unless:
 - the family member is one of the following professionals: a duly licensed registered nurse, licensed vocational nurse, licensed practical nurse, physical therapist, occupational therapist, speech therapist, respiratory therapist, licensed social worker, or registered dietitian;
 - the family member is a regular employee of a nursing home, assisted living facility, adult day care center, or home health care agency which is providing the services;
 - the organization receives the payment for the services; and
 - the family member receives no compensation other than the normal compensation for employees in his or her job category
- provided outside the 50 United States and the District of Columbia, except as described in the International Coverage section of the policy

* In CT, FL, ND, NJ, NY, SD: The coordination of benefits is not applicable.

** In AZ: Alcohol abuse is not included. In SD: Policy does not cover care, treatment or charges for the treatment of alcoholism or drug addiction. Exclusion not applicable in OR.

*** In NJ: Due to declared war or any act of war, while you are serving in the military, naval, or air forces of any country, combination of countries, or international organization while You are serving in such forces outside Your home area.

**** Not applicable in CT.

The long-term care insurance policy describes coverages under the policy, exclusions and limitations, what you must do to keep your policy in-force, and what would cause your policy to be discontinued. Please contact the licensed agent or John Hancock for more information, costs, and complete details on coverage.

This is a general description of coverage and is not an insurance contract. Refer to the Outline of Coverage provided by your agent for an explanation of features and options. Only the individual long-term care insurance policy contains governing contractual provisions. You may request a sample policy to review such provisions.

This is an insurance solicitation. An insurance agent may contact you.

Choose a leader in LTC insurance

As an experienced leader in LTC insurance —
with financial strength ratings among the highest
in the insurance industry* — John Hancock is
dedicated to providing dependable solutions
that help you protect your financial security, your
independence, and your family's well-being.



Long-term care insurance is underwritten by John Hancock
Life Insurance Company (U.S.A.), Boston, MA 02117
(not licensed in New York) and in New York by John Hancock
Life and Health Insurance Company, Boston, MA 02117.

*Based on analysis by major rating agencies, such as A.M. Best, Fitch Ratings, Standard & Poor's, and Moody's. Financial strength ratings measure the Company's ability to honor its financial commitments and are subject to change. The ratings are not an assessment or recommendation of specific policy provisions, premium rates or practices of the insurance company.

To view our most current financial ratings,
please go to www.johnhancockLTC.com.
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Policy Series: LTC-11
LTC-12