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CorporateChoice Long Term Care Insurance  
Producer Overview Brochure



## Long term care insurance may be your next great opportunity.

Long term care insurance (LTCI) is positioned to take its place with life, health, and disability coverage, as a part of any comprehensive benefits package.

The number of employers offering LTCI coverage has increased more than 411% over the past seven years. (LIMRA. U.S. Employer-Sponsored Group Long Term Care Insurance Sales Reports, 1996-2004.) The potential exists for even more impressive growth in the future. By some estimates, there are over five million employers who still do not offer long term care insurance. (National Caregiving Alliance testimony before the U.S. Senate Finance Committee, March 27, 2001.)

As long term care insurance continues to enter the benefits mainstream, your clients will be looking for advice. Make sure that you're the one they're asking. If you're interested in growing your business, there may never be a better opportunity. John Hancock is here to help. That's why we developed a new LTCI product that represents the best of both worlds – for you and your clients.

Our CorporateChoice LTCI product will impress your clients with its flexible design, ease of enrollment, and turnkey administration. And, we're confident that you will appreciate our producer-focused approach with its sophisticated sales tools, responsive service, and generous commissions and vesting arrangements. When you start to think seriously about LTCI, we hope that John Hancock is the carrier you think about.

# What you should know about long term care

Long term care may be one of the most important issues facing us today.

Thanks to advances in medicine, we are all living longer, but the quality of our lives may be compromised by an accident, illness, or the effects of aging. Long term care is the kind of care a person may need when he or she can no longer perform some of the basic tasks of independent living without assistance. Most often, it is care received in a home setting, although adult day care centers, alternate care facilities, and nursing homes also provide long term care services.

However, the costs of these services are high and the resources for funding are limited. Health and long term disability (LTD) benefits are not designed to cover long term care. Investments and savings may not be enough. Medicare and Medicaid are not an option for everyone. Paying for long term care can be a problem.

You can help. Once you know more about long term care and long term care insurance, you can introduce your clients to a benefit that can fill coverage gaps, offer tax advantages, and provide employees with important protection that will help safeguard their savings, maintain their independence, and preserve their retirement dreams.

We think your clients will be glad that you know about long term care insurance.

And so will you.

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# Talking to employers about long term care insurance



Long term care insurance provides employees with valuable coverage that can help protect their savings, foster their independence, and give them more options should they ever find themselves in a long term care situation. The coverage is flexible, affordable, and includes a claimant support system not usually found with other benefits.

## *“How this benefits your employees”*

### **Planning for Retirement**

Whether your clients offer a 401(k) or a pension plan, they should consider long term care insurance to be another important component of retirement planning. Employees who have acquired a nest-egg intended for life when their working days are behind them, don't want to spend their savings on home health aides or nursing home stays. Long term care insurance provides funding specifically designated to cover these kinds of long term care costs.

### **Planning for the Unexpected**

Long term care can be an issue for anyone. An illness or accident can strike employees of any age. Your clients with a younger employee population should still consider long term care insurance as a part of a comprehensive benefits offering. Because premiums are based on age at time of enrollment, the cost of coverage for younger employees is very attractive. Employees may also be eligible for state and/or federal tax advantages and the benefits received are not considered taxable income.

### **Supporting Caregivers**

Family members with caregiving responsibilities need help. They may be physically tired or emotionally worn from the challenge of trying to care for a loved one. Long term care can help them cope with caregiving by providing benefits for professional care in a wide range of settings. The coverage also offers a support system of care coordinators, who can assist insureds and their family members in determining the kind of care that is needed and in finding local care providers.

### **Taking Personal Responsibility**

It may not be wise to depend on government programs, like Medicare and Medicaid, to fund future long term care needs. Both programs are struggling with rising demands that will only increase as the Baby Boomers age. The government's goal is to relieve some of the strain by encouraging individuals to take personal responsibility for long term care planning. They are setting an example for all employers by sponsoring the Federal Long Term Care Insurance Program. The voluntary employee benefit program was introduced in 2002 and is now the largest program of its kind, with over 200,000 insureds.

Many employers offer long term care insurance to support other strategic objectives. They know that a comprehensive employee benefits package can differentiate them from the competition, especially when it comes to attracting and retaining the best employees. In fact, employer-paid LTCI is growing in popularity.

## *“How this benefits your business”*

### **Enhancing Benefits Packages**

Long term care insurance can enhance a benefits package by providing employees with important coverage that health insurance and LTD coverage do not. Medical benefits are designed to cover the costs of treating acute illnesses, like a broken arm or kidney stones, where full recovery is expected. Disability insurance is there to replace income if employees are unable to work due to an illness or accident, but it doesn't pay the cost of home health care, if that becomes necessary.

### **Regaining Lost Productivity**

It is difficult to calculate employee productivity lost to caregiving roles, but by some estimates, it is as high as \$29 billion annually. (Frequently Asked Questions: Family Caregiving. U.S. Department of Health and Human Services. December, 2003.) Employees who are stressed about providing care for a loved one may spend working hours dealing with long term care issues or may miss work entirely. Many may be forced to turn down promotions or even leave their jobs. Employers that offer long term care insurance to employees and their family members can help alleviate caregiver stress and possibly improve productivity.

### **Paying for Coverage**

The decision to pay for long term care insurance coverage offers a number of advantages that should be considered when evaluating the benefit. Employers who decide to subsidize the cost of LTCI receive more liberal underwriting (with guaranteed issue available in some cases), a more favorable rate structure, more successful enrollments (with employees paying for additional coverage amounts), and the same tax advantages associated with health insurance. And, it is a great way of demonstrating how much employees are valued.

# Strategies for success

Success in the marketplace means finding the right prospects, presenting the right plan design, and maximizing enrollment potential. Let John Hancock show you how.

## Many of your clients may make great prospects.

Some groups make better prospects than others. Think law or accounting offices, engineering firms, colleges, healthcare organizations, and financial services companies. Also keep in mind that employers who are competing for talent may consider paying for long term care insurance, as a benefits package enhancement to attract the best and the brightest in the field.

To ensure a successful enrollment, target groups with the following criteria:

Demographics	
<ul style="list-style-type: none"> <li>&gt; Average employee age &gt; 40</li> <li>&gt; Average employee salary &gt; \$40,000, with a target of 1.5 times the state average</li> <li>&gt; Highly educated employee population</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Strong participation in voluntary benefits:                             <ul style="list-style-type: none"> <li>- Medical/Flexible Spending Accounts</li> <li>- 401(k) Plan</li> <li>- Supplemental Term Life</li> </ul> </li> </ul>

## The right plan is the key to the enrollment's success – and yours.

Some employers may be interested in paying for coverage. Others may prefer to target only their executives, while some will opt for the employee-paid voluntary approach. You can help them weigh the pros and cons of each approach so that they find the plan that works best for their strategic objectives and their eligible population.

### Employer-Paid Plan

Most employer-paid plans can offer guaranteed issue for all actively-at-work employees, the best rate structure, and the same tax advantages as employer-paid health insurance. And the benefits received by employees and their family members do not need to be reported as income. When an employer pays for the core coverage, employees are usually permitted to apply for additional coverage (with underwriting) so that they can choose the amount of coverage that they need.

Getting to Guaranteed Issue with an Employer-Paid Plan	
<b>Client Profile</b> <ul style="list-style-type: none"> <li>&gt; 225 life Engineering Firm</li> <li>&gt; Average Age 43</li> <li>&gt; Average Salary \$65,000</li> </ul>	<b>Result</b> <ul style="list-style-type: none"> <li>&gt; GI on the core benefit for all employees</li> <li>&gt; GI on the buy-up</li> </ul>

### Executive Carve-Out Plan

Employers who are seeking to reward or retain experienced executives, may seek to provide their top managers with employer-paid coverage. Many of our clients who have taken this approach, have also chosen to offer voluntary LTCI coverage to the remaining employee population. Under this arrangement, the executives receive guaranteed issue coverage and the employee population is able to access this important coverage at attractive group rates - in some cases, they are eligible for guaranteed issue as well.

Getting to Guaranteed Issue with an Executive Carve-Out Plan	
<b>Client Profile</b> <ul style="list-style-type: none"> <li>&gt; 300 life Law Firm</li> <li>&gt; Average Age 47 (of entire employee population)</li> <li>&gt; Average Salary \$95,000 (of entire employee population)</li> </ul>	<b>Result</b> <ul style="list-style-type: none"> <li>&gt; GI on the core benefit and buy-up for 50 or more partners and associates</li> <li>&gt; GI on the voluntary plan for remaining employees</li> </ul>

### Voluntary Plan

For voluntary coverage, the closer your prospect's demographics match the criteria listed on the opposite page, the greater the likelihood that actively-at-work employees will be eligible for coverage on a guaranteed issue basis. Good demographics also increase the likelihood that the plan will be well-received by the employee population; in fact, we have seen enrollments as high as 20% with a voluntary plan.

Getting to Guaranteed Issue with a Voluntary Plan	
<b>Client Profile</b> <ul style="list-style-type: none"> <li>&gt; 430 life University</li> <li>&gt; Average Age 42</li> <li>&gt; Average Salary \$45,000</li> </ul>	<b>Result</b> <ul style="list-style-type: none"> <li>&gt; GI for all employees</li> </ul>

## There are steps you can take to maximize enrollment.

Although demographics can be good predictors of an enrollment's success, the right plan design and level of client support can also boost enrollment results. To maximize participation:

- > The plan design should be simple, so employees only have a few coverage decisions to make
- > The employer should endorse the plan, by permitting use of company logo on marketing materials
- > The employer should support the education campaign by allowing multiple mailings and employee meetings

## And, the better the enrollment, the better the commissions.

Commissions and vesting arrangements are generous and can contribute to your income stream for many years. They are based on whether the plan is employer-paid or voluntary, and on the success of the enrollment. Commission levels for an employer-paid plan are higher than those offered for voluntary coverage.

# Introduce your clients to John Hancock CorporateChoice.



Our new CorporateChoice Long Term Care Insurance product is a benefit available to employers with 50 to 500 employees. CorporateChoice is also available to employers with as few as 10 employees, if the employer contributes to the cost of the plan.

John Hancock has been a leader in the long term care insurance market since 1987. We have one of the largest books of business in the industry, with clients representing some of the best known companies and universities in the country. Now, employers in the small to mid-sized market can offer their employees long term care insurance coverage from a carrier with a reputation for innovative plan designs and superior service.

CorporateChoice combines the strengths of individual and group LTCI into one outstanding product that offers producer support that will exceed your expectations and a group service model that your clients will value – a first in the marketplace. John Hancock will deliver:

>	Flexible, affordable coverage that provides benefits in a wide range of settings
>	Guaranteed issue underwriting for actively-at-work employees of qualifying groups
>	Streamlined underwriting process for other eligible family members
>	Comprehensive marketing campaigns that include all collateral material at no additional cost
>	Dedicated employer Web sites for education and ease of enrollment
>	Toll-free access to knowledgeable customer service representatives
>	Full benefit administration, featuring John Hancock's CARE system, designed especially for group long term care insurance
>	Compassionate care coordination for insureds and their family members

## Expansive eligible group

CorporateChoice is designed with employees and their family members in mind, with one of the broadest eligible groups available. The following groups may be offered the coverage:

>	All eligible, actively-at-work (AAW) employees, who are regularly scheduled to work at least 17.5 hours per week and are on U.S. payroll
>	Retirees
>	Board members
>	Spouses of eligible employees, retirees, and board members
>	Same or opposite sex domestic partners of eligible employees, retirees, and board members
>	Surviving spouses of employees and retirees
>	Parents and parents-in-law of eligible employees and retirees
>	Grandparents and grandparents-in-law of eligible employees and retirees
>	Adult children of eligible employees and retirees and of their spouses
>	Spouses of eligible children
>	Adult siblings of eligible employees and retirees and of their spouses
>	Spouses of eligible siblings

**PLEASE NOTE:** Eligible groups may vary by state and underwriting classifications may vary within an employer's eligible population. All applicants, other than eligible AAW employees, must be between issue ages 18-84 on the effective date of coverage. All applicants, other than eligible active employees and their spouses, must reside in the U.S. on their effective date of coverage. Louisiana does not allow eligibility for domestic partners.

# Flexible, affordable features

John Hancock CorporateChoice is one of the most competitive plans in the marketplace, offering employers the ability to design a coverage that best meets the needs of employees and their family members.

## CORE FEATURES

>	Nursing Home Care
>	Alternate Care Facility Care
>	Community Based Professional Care (including home health care, adult day care, hospice care, and homemaker services by a licensed provider)
>	Respite Care
>	Hospice Care
>	Stay at Home Benefit (including care planning visit, home modifications, emergency medical response, durable medical equipment, caregiver training, home safety check, and provider care check)
>	Choice of Two Inflation Provisions - Guaranteed Purchase Option - Compound Inflation Coverage
>	One-Time Elimination Period
>	Waiver of Premium
>	Spousal/Partner Discounts
>	Multiple Premium Payment Options
>	Return of Premium at Death

## EMPLOYER OPTIONS

>	Nonforfeiture Benefit*
>	Shared Care Benefit
>	Accelerated Payment Option (Paid-Up at 65)
>	Ten-Year Payment Option

\*If not selected, Contingent Nonforfeiture will be built into the policy.

## Daily Benefit

CorporateChoice has Daily Benefit levels between \$100 and \$300, in \$50 increments, so it's easy to match Daily Benefits with the cost of care in the employer's geographic location. Unlike other plans, covered services are reimbursed up to 100% of the Daily Benefit in all care settings.\*

\*Except for Informal Care.

## Benefit Period

The Benefit Period is a multiplier used to calculate the Certificate Limit. Employers can choose from five Benefit Periods, based on the following schedule:

- > 2 years (730 days)
- > 3 years (1,095 days)
- > 4 years (1,460 days)
- > 5 years (1,825 days)
- > 6 years (2,190 days)

## Certificate Limit

The Certificate Limit is the total pool of money available for benefits. To determine the Certificate Limit, multiply the Daily Benefit by the number of days in the Benefit Period.

### EXAMPLE

\$200 per day Daily Benefit multiplied by the number of days in a 5-year Benefit Period:  
 $(\$200) \times (1,825) = \$365,000$  Certificate Limit

## Issue Age

- > For actively-at-work (AAW) employees there will be no issue age limits; however, only AAW employees between the ages of 18 – 69 may get the underwriting concession allowed for the group
- > Applicants issue age 70 and over will always be fully underwritten
- > All other members of the eligible class must be between the ages of 18 – 84
- > Issue age is based on age as of the initial plan effective date or the application received date, whichever is later

**NOTE: Choice of benefits and options may vary by state.**

# Guaranteed issue and simplified underwriting

CorporateChoice offers three approaches to underwriting. The guaranteed issue option will only be offered to groups that meet case evaluation criteria. Members of this group will also be subject to a pre-existing condition clause.

## Guaranteed Issue

The following groups are eligible for guaranteed issue:

- > Eligible AAW employees who apply during initial enrollment
- > New hires applying within 31 days of first becoming eligible
- > Newly eligible employees as a result of a status change who apply within 31 days of first becoming eligible
- > Employees returning from leave of absence or disability that occurred during the initial enrollment period, who apply within 31 days of return to an AAW status

## Simplified Underwriting

Eligible AAW employees (as described above) will be required to answer not more than five health questions during the initial open enrollment period.

## Full Underwriting

Full underwriting may be applied to an entire group and will be the underwriting method for all eligibles, other than AAW employees who are offered guaranteed issue or simplified underwriting. Full underwriting requires that applicants provide evidence of insurability by completing the *Statement of Health* form.

# You can count on John Hancock every step of the way.

Our goal is to provide you with the best sales experience you've ever had. We will support you during every step of the sales process, from prospect qualification to plan implementation. John Hancock has the sales tools to help get your foot in the door and the marketing material to help drive a successful enrollment. We offer a sales support team that specializes in the employer market and a Web site that will provide you with everything from the need for long term care to an illustration system that's quick and easy to use.

## The CorporateChoice Sales Desk The right people, right when you need them

The support team on the sales desk (1-888-321-4LTC) will help you identify the best prospects, qualify your quotes, assist you during the sales process, recommend the most effective marketing campaigns, and report on enrollment activity. Sales desk personnel are backed by an experienced staff of over 100 insurance professionals, who are dedicated to John Hancock's long term care insurance products for the employer market. With a team like that behind you, you can approach your clients with confidence and grow your business by selling CorporateChoice.

## The CorporateChoice Web Site Long term care at your fingertips

We developed the CorporateChoice Web site ([www.jhcorporatechoice.com](http://www.jhcorporatechoice.com)) as an important resource for information about long term care, as well as a starting place for the quote process. It includes the eHansel illustration system that you may be familiar with, as well as a long term care proposal, plan design summary, and an employer presentation. The system will also have the capability to track your quote activity. Our sales desk associates would be happy to show you how to make the most of this great sales tool.





## The CorporateChoice Sales Tools Helping employers see the value of LTCI

We know that the introduction of a new benefit can be a big decision for any employer, regardless of size. Employers need to understand how long term care insurance can compliment their other benefit offerings and the role it plays in retirement planning.

SALES TOOLS
> Employer Overview Brochure
> Employer Pre-Approach Letter
> Advantages of Paying for Coverage Brochure
> Employer Presentation
> Marketing Campaign Overview
> Proposal
> Plan Design Summary
> Tax Guide
> Cost of Care Map

These elements will help you demonstrate the advantages of choosing John Hancock, based on our track record of experience and stability. Your clients can feel confident that they are offering employees and their family members important insurance protection from a carrier they can count on.

## The CorporateChoice Marketing Campaign Education is the key

John Hancock recognizes that not everyone is familiar with the need for long term care, let alone the need for long term care insurance. That's why our marketing campaign focuses on educating employees and their family members about both the risks of needing long term care and why CorporateChoice is a good addition to their overall insurance protection. All marketing materials are provided at no cost to you and John Hancock will conduct all of the mailings. We recommend a two-month enrollment period, to maximize participation results.

SAMPLE CAMPAIGN COMPONENTS
> An announcement letter that introduces the need for long term care insurance
> A long term care primer that answers common questions about long term care insurance
> A rate quote letter that delivers personalized premium rates
> A plan highlights brochure that describes the coverage, as well as other important program features like customer service and care coordination
> Emails, postcards, flyers, table tents, payroll stuffers, and posters, that further support the campaign with a variety of messaging

## John Hancock Long Term Care Insurance There's no substitute for experience

John Hancock understands the long term care insurance needs of employers and their employees. We have the plan features, the service model, the financial strength, and the commitment to deliver the best long term care insurance plans in the market. Let us be your only resource for long term care insurance. Because there's no substitute for experience.

# Getting a quote is easy.

On the phone or on the Web - just four simple steps.

**1-888-321-4LTC**

8:30 a.m. to 4:30 p.m. EST  
Call our sales desk and a representative  
will help you get a quote.

**[www.jhcorporatechoice.com](http://www.jhcorporatechoice.com)**

24 hours a day, 7 days a week  
Generate a quote at your convenience and let the  
Web site do the work for you.

## 1 **Qualify your prospect by providing the following information:**

- |                              |  |
|------------------------------|--|
| a. Client name               | e. Number of employees paid for by employer (if any) |
| b. Quote description         | f. Average age of entire employee population         |
| c. Situs state               | g. Average salary of entire employee population      |
| d. Total number of employees | h. SIC code/industry                                 |

## 2 **Run sample rates (using eHansel)**

- > Available immediately

## 3 **Request a proposal and plan design summary**

- > Available within two business days

## 4 **Submit final plan design and employer census**

- > Approval notification within two business days