John Hancock
LONG TERM CARE INSURANCE

John Hancock | Leading Edge Myth vs. Reality

Leading Edge is John Hancock's innovative, new long term care (LTC) insurance policy that, when placed along side Custom Care II (CCII), gives producers and consumers access to the most flexible portfolio of individual LTC insurance products in the industry. As with any new product there initially may be some misconceptions associated with how some of these new features work. Below are clarifications we hope will address any misleading statements that have been brought to our attention.

MYTH

"*Leading Edge's* lesser premiums are merely an attempt to steal market share from the other carriers"

REALITY

- We are able to provide *Leading Edge* at a more affordable premium due to a unique investment strategy that provides greater price stability than typical LTC plans.
- The industry is in need of innovation — with overall sales declining nationally. Contributing factors include growing product complexity, increasing premiums, and carrier instability. John Hancock took the initiative to introduce a new product that would help expand the market for LTC insurance by attracting both new producers and consumers who are avoiding LTC Insurance because of product complexity and price issues.
- With *Leading Edge* and Custom Care II, John Hancock makes available a solid portfolio of individual products to meet the evolving needs of the market.

MYTH

"The Consumer Price Index for all Urban Consumers (CPI) used by John Hancock is tracking less than the CPI for Medical Services and will not provide adequate coverage over time"

REALITY

- The intent of *Leading Edge's* CPI-linked inflation option is to provide unlimited compound inflation protection that is both affordable and relevant to the future costs of long term care.
- Nobody knows what future inflation will be, but we have developed an investment strategy that will allow policyholder benefits to track future inflation — whatever the level — with premiums that are both economical and designed to remain level regardless of how high future inflation goes.
- "What will drive future long term care costs?" In all settings, labor drives the costs of care. With regards to facility care, housing costs play a part as well. Housing is the number one weighted service in the CPI and labor costs are reflected in each category that the CPI tracks. Providing inflation that ties to these costs is much more appropriate than any fixed increase.
- The CPI for Medical Services is a completely different index that is not reflective of the cost of long term care, which is more than 95% custodial. The CPI for Medical Services measures costs associated with technology, lifesaving medical equipment, complex procedures performed by specialists, prescription drugs, and malpractice insurance premiums.

MYTH

"CPI does not track the current rate of LTC costs"

REALITY

- The traditional LTC insurance policy inflation rate is 5% fixed, an arbitrary figure that does not necessarily track the cost of LTC. The CPI is variable in nature and intended to more accurately track the cost of LTC.
- Bureau of Labor Statistics (LIMRA 2005 Sales report)
  – Nursing facility care increased by 3.6% in 2005: home health care increased by 1% in 2005
- MetLife Mature Market Institute, Nursing Home and Home Health Care Survey, September 2006
  – 2006 average daily rate for private room in a NH increased 1.5% over the 2005 rate
  – 2006 average daily rate for semi-private room in a NH has increased 3.9% over the 2005 rate
  – 2006 average hourly rate for HHC increased 0% over the 2005 rate
  – 2006 average daily rate for Assisted Living Facilities increased 2.2% over the 2005 rate, October 2006
- Genworth Financial 2006 Cost of Care Survey, March 2006
  – 2006 average daily rate for private room in a NH increased 2.2% over the 2005 rate
  – 2006 average daily rate for semi-private room in a NH has increased 2.3% over the 2005 rate
- The average CPI in 2005 was 3.4% higher than 2004. Over the 30-year period ending in 2005, the average annual increase in the CPI was 4.4% — with the highest single-year change of 13.5% during that period.

(continued)

MYTH	REALITY
"Leading Edge's CPI-linked inflation is comparable to Simple inflation"	▶ Leading Edge's CPI-linked inflation is compound inflation protection with a variable, unlimited rate of interest with NO CAP. Premiums remain level and benefits will never go down. ▶ 5% Simple is a fixed rate capped at 5%, and by definition is not compound inflation protection. Because of the long-term impact of compounding, even a modest growth rate (i.e. 3-4%) outperforms 5% Simple over time. ▶ A policy with 5% Simple inflation can result in substantial out-of-pocket LTC costs for the customer. If future inflation is 4.4% (the average CPI over the past 30 years), 5% Simple will be inadequate in only 7 years. If future inflation is 5% or more, 5% Simple will be inadequate after just 1 year! The inadequacies of 5% Simple can result in out-of-pocket expenses that dwarf the small premium savings from purchasing 5% Simple instead of unlimited CPI-linked inflation protection. ▶ Most people prefer compound inflation protection. Of the individual LTC insurance buyers in 2005 who have selected some form of inflation protection, only 19% purchased Simple inflation (LIMRA 2005 Sales Supplemental Report). ▶ A 5% Simple plan is roughly equivalent to 3% compound. Based on history, CPI-linked inflation protection has strong potential to outperform both. Which plan would you rather have (or sell) — a fixed 3% Compound inflation plan or an unlimited increase linked to actual future inflation?

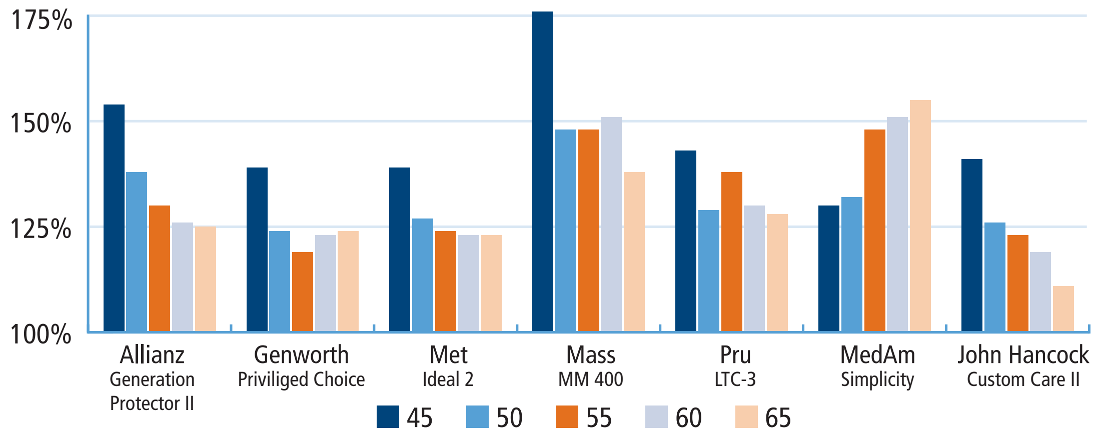
MYTH	REALITY
"Leading Edge's 5-Year Plus $1 Million policy is comparable to a 10-Year plan, and $1 million has limited value that could only last a few years"	▶ Many policyholders need care before age 80. It's more than 50% for John Hancock, and Unum's recently released statistics showed that 58% of their LTC claimants are under age 65. In the early policy durations, a 5-Year Plus $1Million policy will have a policy limit of more than twice that of a 10-year plan. ▶ The $1 Million benefit is added to the 5-Year plan. On a $150/day plan, that's an **instant pool of $1,273,750 on day one** — representing over 23 years of benefits. ▶ For an additional 2% each, a couple can add SharedCare for an **immediate total pool of $2,547,500 on day one** — more than 46 years of benefits. How many people own that much personal life insurance? ▶ If future inflation is 4.4% (the average CPI over the past 30 years), a $150/day plan with the pool of $1,273,750 **grows to a $546/day plan with a pool of $1,996,450 providing a minimum of 10 years of coverage.** ▶ If SharedCare were added for an additional 2% each, the total pool would grow to **$3,992,900 providing a minimum of 20 years of coverage.** ▶ Let's also consider that future inflation can be more than 5%, in which case fixed inflation plans will result in substantial out-of-pocket costs. ▶ As compared to our top two competitors' unlimited plans, there is a premium difference of approximately 30%. You can use a portion of this premium savings to buy more coverage and still save money! ▶ With SharedCare plans, currently a significant percentage of business in the industry, consider the following. John Hancock charges only 2% for adding SharedCare to our 5-Year Plus $1 Million plan. Most other carriers' rider costs are higher. So any premium comparisons of our 5-Year Plus $1 Million plan versus a 10-Year plan would be more favorable when the benefits are shared. ▶ Today, fewer buyers are selecting unlimited coverage due to the high cost. John Hancock's unlimited LTC Insurance sales totaled only 9% of 2005 sales. Our 5-Year Plus $1 Million plan is a more affordable alternative. *(continued)*

The chart to the right compares the premiums for *Leading Edge's* **5-Year Plan** (at 100% on the bottom axis) to premiums on other LTCI products at different ages. (e.g., at age 50, John Hancock CCII is approximately 25% higher than *Leading Edge*)

Leading Edge rates are based on compounding CPI inflation.

5-Year Plan

90/100 day Elimination Period, $4,500 Monthly Maximum, Compound Inflation, Married Select

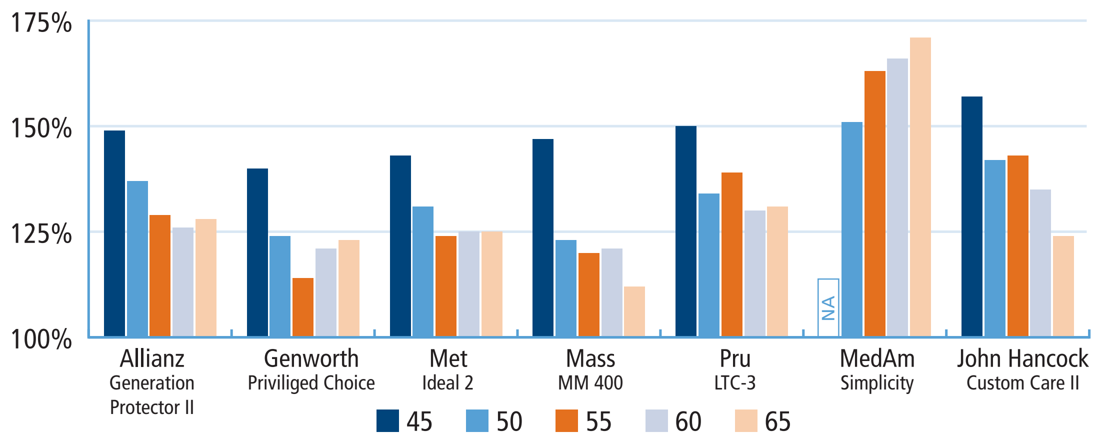


The chart to the right compares the premiums for *Leading Edge's* **5-Year Plus $1 Million** with a $4,500 maximum monthly benefit (at 100% on the bottom axis) to premiums on other LTCI products at different ages. (e.g., at age 50, John Hancock CCII is approximately 40% higher than *Leading Edge*)

Leading Edge rates are based on compounding CPI inflation.

5 Year Plus $1 Million vs. Unlimited

90/100 day Elimination Period, $4,500 Monthly Maximum, Compound Inflation, Married Select



With *Leading Edge*, for only 2% additional premium each, you can add SharedCare and have a cumulative pool of more than $2.5 million in LTCI coverage as of day one that either insured could utilize.

Leading Edge provides International Coverage and Caregiver Support Services through CareScout. Most of us are care providers before we are care recipients. With Caregiver Support Services, policyholders and extended family have immediate access to consultative services and provider discount opportunities. Available immediately[1], Caregiver Support is an invaluable service for anyone who is in a caregiving or care planning role. In addition, discounts through CareScout help extend the lifetime of the benefits for actual policyholders when they go on claim.

Leading Edge's monthly modal factor is .0875. Many other carriers' modal factor is .09. This means that any premium comparison will be about 3% more favorable for monthly premiums for *Leading Edge*, and a significant amount of customers pay monthly.

Leading Edge accepts credit card payment on all billing modes.

When compared to the traditional 5% fixed compound inflation rate, consumers can save valuable premium dollars. With *Leading Edge*, consumers need not reduce daily/monthly benefits in order to save premium dollars, and they can use a portion of their premium savings to purchase daily/monthly benefit limits more consistent with the actual cost of quality care!

1. After the 30-day Free Look period.

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Long term care insurance is underwritten by John Hancock Life Insurance Company, Boston, MA 02117.

Competitive information is current and accurate to the best of our knowledge as of 10/06.

Benefits and premium rates may vary by state.

John Hancock | Leading Edge

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