JohnHancock
LIFE INSURANCE

Did You Know…

John Hancock's Long-Term Care riders and LifeCare policies utilize the reimbursement model for Long Term Care claims?

Reimbursement Model vs. Indemnity Model

Reimbursement and indemnity are the two models insurance companies can follow when paying the claims associated with a long term care rider on a life insurance policy. The reimbursement approach holds several advantages over the indemnity model. John Hancock's Long-Term Care riders[1,3] and LifeCare[2,3] policies utilize the reimbursement model which provides greater value to the insured, including significantly lower exposure to tax liability, professional claims administration and maximization of the benefit pool.

	Indemnity Model	John Hancock's Reimbursement Model
Taxation: (Based on 2011 HIPAA limit of $9,300/month or $300/day	• Amounts in excess of the HIPAA daily/monthly limit are treated as income for tax purposes	• Because expenses are incurred, the reimbursement model does not create a taxable event for claim payments • At John Hancock, the maximum possible monthly limit is $50,000, *more than five times higher* than the tax-free indemnity limit
Benefit Depletion	• Clients who receive amounts greater than their long term care expenses may deplete their long term care pool and death benefit sooner than with the reimbursement model	• John Hancock offers Advantage List[4] that has negotiated reduced rates at more than 10,000 nursing homes, home health care agencies and assisted living facilities throughout the United States. Insureds who take advantage of these discounts can preserve their benefit pool and extend their benefit period

Claims Administration	• Insured or Insured's family must function as a "claims administrator," processing bills and writing checks, often for multiple providers and services	• Clients may choose to have all bills paid by John Hancock
		• John Hancock's Long Term Care claims area is staffed with Registered Nurses and Social Workers who:
		  • Pay providers
		  • Establish professional relationships and make regular contact with claimants and/or their families
		  • Provide the insured with copies of all long term care activity
		  • Understand charges and procedures and generally unravel "red tape"

Expense Control/Security	• Insured receives checks; not caregiver • Insured may not be capable of processing payments and determining whether charges are excessive • Funds may be diverted to other uses or to opportunistic individuals	• Disburses only the funds necessary for insured's care directly to the care provider

If you have further questions, please call your local Regional Director or National Sales Support at 888-266-7498, option 2.

This material does not constitute tax, legal or accounting advice and neither John Hancock nor any of its agents, employees or registered representatives are in the business of offering such advice. It was not intended or written for use and cannot be used by any taxpayer for the purpose of avoiding any IRS penalty. It was written to support the marketing of the transactions or topics it addresses. Anyone interested in these transactions or topics should seek advice based on his or her particular circumstances from independent professional advisors.

1. The Long-Term Care (LTC) and Long-Term Care (LTC) Continuation riders are accelerated death benefits and may not be available in all states. Maximum face amount: $5 million with the LTC rider; $1 million with LTC Continuation rider. The LTC riders are not considered long-term care insurance in some states. When the policy death benefit is accelerated for long-term care expenses, the death benefit is reduced dollar for dollar, and the cash value is reduced proportionately. There are additional costs associated with this rider. The LTC Continuation rider is not available in several states, including New York. Please go to www.jhsalesnet.com for a complete list of up-to-date state approvals.
2. LifeCare, the Acceleration rider, and the Continuation rider may not be available in some states. The Acceleration rider is automatically included with every LifeCare policy, and the Continuation rider is optional. There are additional costs associated with these riders that are included in the single premium. LifeCare with the Acceleration and/or Continuation rider is not considered long-term care insurance in some states. When the death benefit is accelerated for long-term care expenses, the death benefit is reduced dollar for dollar, and the policy cash value is reduced proportionally. Replacement of LifeCare for a different John Hancock insurance product will require full underwriting. Please go to www.jhsalesnet.com for the most current state approvals.
3. **For prospective policyholders in New York, this product is a life insurance policy that accelerates the death benefit for qualified long-term care services and is not a health insurance policy providing long-term care insurance subject to the minimum requirements of New York law; it does not qualify for the New York State Partnership for Long-Term Care program and is not a Medicare supplement policy.** *These riders have exclusions and limitations, reductions of benefits, and terms under which the riders may be continued in force or discontinued. Consult the state specific Outline of Coverage for additional details.*
4. LifePlans is the current referral-service provider for John Hancock. LifePlans is not associated with John Hancock Life Insurance Company or its affiliates. This program may be changed or discontinued at any time.

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