



## Important Notice Regarding Federal Long Term Care Insurance Program Premium Rate Increase and Lapse History

### Coverage under the Federal Long Term Care Insurance Program (FLTCIP) is guaranteed renewable

This means FLTCIP coverage cannot be canceled based on a change in your health or age. As long as your premiums are paid and your benefits have not been exhausted, your coverage will continue. However, it is important to note that premiums may increase in the future if you are among a group of enrollees whose premium is determined to be inadequate.

### If it is determined that a premium increase is necessary, you will be notified of the new premium amount and provided with at least one of the following options:

- ▶ you may maintain your current benefits and pay the new increased premium
- ▶ you may reduce your benefits to help mitigate the premium increase
- ▶ You may be eligible to convert your coverage to paid-up coverage. Your new maximum lifetime benefit will be reduced to the total amount of premiums you have paid for your coverage, or 30 times your daily benefit amount, whichever is greater

### FLTCIP premium rate increase history

Since 2002, John Hancock Life & Health Insurance Company has offered long term care insurance coverage to eligible members of the federal family. Premium rates have been raised for the following FLTCIP inforce benefit booklet series:

Benefit Booklet Series	Years Available for Sale	Year of Increase	Percentage of Increase
FLTCIP 1.0	2002–2009	2010	A 25% maximum increase was implemented for enrollees with the automatic compound inflation option (ACIO), whose age at purchase was 69 or younger.
FLTCIP 1.0 FLTCIP 2.0	2002–2009 2009–2019	2016	An overall average increase of 83% was implemented. The increase varied based on an enrollee's age at the time of enrollment, plan originally purchased, and plan design. <ul style="list-style-type: none"><li>▶ 126% maximum increase was implemented for enrollees who originally purchased FLTCIP 1.0.</li><li>▶ 66% maximum increase was implemented for enrollees who originally purchased FLTCIP 2.0.</li></ul>

### FLTCIP 3.0 premium stabilization feature (PSF) percentage change

The premium stabilization feature (PSF) is a feature of the FLTCIP 3.0 benefit booklet series and is designed to reduce the potential need for future premium increases and, under certain conditions, it may be used to offset future premium payments or provide a refund of premium death benefit. The PSF percentage is used to calculate the amount of premium paid that may be available under the PSF.

Effective February 1, 2022, the PSF percentage was reduced from 35% to 20% for all FLTCIP 3.0 enrollees due to changes to projected experience, including the prolonged low interest rate environment and its impact on projected investment performance.

### John Hancock's group long-term care insurance (GLTC) premium rate increase history

In addition, John Hancock Life Insurance Company (U.S.A.) (John Hancock) sold group long term care insurance from 1988 through 2011. John Hancock has raised premium rates on the following inforce group policy series (non-FLTCIP):

John Hancock GLTC Policy Series	Product	Issue Years	Year of Increase Requested	Percentage of Increase Approved	Year of Increase Requested	Percentage of Increase Approved
GPB-COV-0002	Group Long Term Care	1997–2016	2011	0–26%	2017	0–35%
P-FACE(2002-2)	Care Choice	2003–2016	2011	0–100%	2017	0–157%
P-FACE(2002-2)	Care Choice (SF)	2006–2011	N/A	N/A	2017	20%
P-FACE(2004)	Corporate Choice	2006–2015	2011	0–24%	2017	0–64%

### FLTCIP lapse history

For the purpose of this notification, a lapse is the cancellation of coverage due to the nonpayment of premiums. Lapse rates can be an important component of the pricing of long term care insurance plans. Please know that the FLTCIP has experienced a 1.3% per year average lapse rate measured from 2002 through 2021.

The Federal Long Term Care Insurance Program is sponsored by the U.S. Office of Personnel Management, insured by John Hancock Life & Health Insurance Company, under a group long term care insurance policy, and administered by Long Term Care Partners, LLC



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