John Hancock Life Insurance Company (U.S.A.)
Actuarial Memorandum for Inforce Rate Increase – Custom Care II 2010
July 20, 2026

Product Name	Form Number	Issue Date Range
Custom Care II Enhanced (2010)	LTC-03 MD 6/10	Nov 2010 - Dec 2011

These policy form rates were originally priced with a margin for moderately adverse experience in accordance with the NAIC model rate stability regulations which were being implemented on a State by State basis during the time of our initial rate filing.

1. Scope & Purpose

This memorandum consists of materials which support the development of new premium rates for the above captioned policy series forms. The purpose of this memorandum is to demonstrate that the requirements of this State in regards to an in force rate increase request have been met. This rate filing is not intended to be used for any other purpose.

2. Requested Rate Increase

The Company is requesting a flat rate increase of 38.6% determined as the amount needed to satisfy the rate stability rule ensuring a loss ratio no less than 85% (or the original pricing loss ratio if greater) on the rate increase portion, while applying 58% (or the original pricing loss ratio if greater) on the original rate schedule. The requested rate increase is based on nationwide experience through 2024 and projected future experience, reflecting the timing and history of the state's rate increases.

In the rate schedules by policy form, **Appendix B1** contains the new proposed rate tables for all policy forms included with this filing for those policyholders that *never* elected an inflation reduction option as part of a past rate increase filing.

In the rate schedules by policy form, **Appendices B2** forward contain the new proposed rate tables for all policy forms included with this filing for those policyholders that *did* elect an inflation reduction option as part of a past rate increase filing.

Please note that the actual rates implemented may vary slightly from those in the Appendices due to implementation rounding algorithms.

Exhibit 1 contains nationwide past premium and claims experience as well as future premium and claim projections and hedge gains, where all premiums reflect the timing and history of the state's rate increases. All policies are included with the exception of limited pay policies, which are a small proportion of our business as seen in the State and Nationwide Distribution of Business section. Waived premiums are not included.

Exhibit 1 also contains the original expected loss ratio projections, adjusted for the following:

- For contracts with the CPI linked inflation rider, both past and future benefits were updated to reflect the impact of actual past CPI rates differing from the original pricing assumption. In this way, the current projected benefits and the benefits projected in original pricing are based on the same level of CPI indices. This adjustment is needed to neutralize the impact on the rate increase for differences in actual past CPI from original pricing assumptions; i.e. the need for a rate increase and the level of a rate increase is not dependent on changes in the CPI levels. Adjustments will be made in both directions (i.e. when actual CPI is higher or lower than original pricing).
- Updated to reflect the actual mix of business sold.

The lifetime loss ratio as of 12/31/2024 is calculated as the sum of accumulated past and discounted future claims less hedge gains divided by the sum of accumulated past and discounted future earned premium where accumulation and discounting occur at the maximum statutory valuation discount rate. The maximum statutory valuation discount rate is 4.0%.
The exhibit illustrates that the anticipated lifetime loss ratio, net of hedge gains and with the requested rate increase is 71.2%, compared to the original pricing loss ratio (determined at the maximum statutory valuation rate and updated for actual CPI for consistency with the rate increase request) of 67.3%.

Furthermore, **Exhibit 1** demonstrates that the calculated loss ratio respects the rate stability form requirement:

The sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times the greater of the original assumed lifetime loss ratio and 58%,
2. Accumulated value of prior premium rate schedule increases times the greater of the original assumed lifetime loss ratio and 85%,
3. Present value of future projected initial earned premium times the greater of the original assumed lifetime loss ratio and 58%, and
4. Present value of future projected premium in excess of the projected initial earned premium times the greater of the original assumed lifetime loss ratio and 85%.

Detail on assumptions and recent analysis is provided in **Addendum #1 - Assumptions and Analysis Performed**.

3. Nationwide Loss Ratio Exhibit (Exhibit 1)

Custom Care II Enhanced (LTC-03) - 2010 Rates

		Original Assumptions			With Current Assumptions			Historical and Projected Experience With Proposed Rate Increase		
	Calendar Year	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
	2003	-	-	0%	-	5,627	0%	-	5,627	0%
	2004	-	-	0%	-	9,762	0%	-	9,762	0%
	2005	-	-	0%	-	9,762	0%	-	9,762	0%
Historical	2006	-	-	0%	-	19,503	0%	-	19,503	0%
Experience	2007	-	-	0%	-	30,334	0%	-	30,334	0%
	2008	-	-	0%	-	40,552	0%	-	40,552	0%
	2009	-	-	0%	-	45,298	0%	-	45,298	0%
	2010	34,522	7,552,342	0%	-	8,003,357	0%	-	8,003,357	0%
	2011	613,071	33,420,387	2%	87,696	34,215,786	0%	87,696	34,215,786	0%
	2012	1,352,755	35,322,207	4%	993,222	34,934,423	3%	993,222	34,934,423	3%
	2013	2,214,549	34,470,488	6%	761,328	34,201,357	2%	761,328	34,201,357	2%
	2014	3,108,946	33,770,629	9%	1,116,142	34,428,427	3%	1,116,142	34,428,427	3%
	2015	3,983,668	33,110,380	12%	1,372,537	36,851,611	4%	1,372,537	36,851,611	4%
	2016	4,514,602	32,418,613	14%	2,344,357	36,096,230	6%	2,344,357	36,096,230	6%
	2017	5,374,853	31,692,620	17%	2,777,004	35,995,250	8%	2,777,004	35,995,250	8%
	2018	6,430,334	30,925,398	21%	3,884,331	36,332,623	11%	3,884,331	36,332,623	11%
	2019	7,453,263	30,113,127	25%	4,368,396	35,385,964	12%	4,368,396	35,385,964	12%
	2020	8,601,926	29,262,303	29%	5,044,767	34,935,754	14%	5,044,767	34,935,754	14%
	2021	9,571,774	28,377,994	34%	8,710,966	34,120,625	26%	8,710,966	34,120,625	26%
	2022	10,894,533	27,458,393	40%	8,499,972	33,324,077	26%	8,499,972	33,324,077	26%
	2023	11,648,848	26,498,903	44%	9,917,752	33,093,494	30%	9,917,752	33,093,494	30%
	2024	12,985,049	25,522,438	51%	11,606,726	32,040,163	36%	11,606,726	32,040,163	36%
	2025	14,688,090	24,507,500	60%	18,821,465	32,360,728	58%	18,821,465	32,360,728	58%
	2026	16,126,596	23,451,722	69%	21,037,041	33,589,587	63%	21,037,041	33,589,587	63%
	2027	18,100,359	22,353,333	81%	24,058,023	32,596,277	74%	23,925,704	43,470,934	55%
	2028	20,449,688	21,214,355	96%	27,313,893	31,418,078	87%	27,013,440	43,050,966	63%
	2029	22,652,925	20,038,624	113%	30,348,676	30,181,659	101%	30,014,841	41,356,749	73%
	2030	24,710,431	18,832,357	131%	33,543,084	28,890,841	116%	33,174,110	39,587,992	84%
	2031	25,883,636	17,601,595	147%	37,249,886	27,505,245	135%	36,840,137	37,689,365	98%
Projected	2032	27,796,419	16,351,792	170%	41,042,189	26,016,476	158%	40,590,725	35,649,362	114%
Future	2033	30,006,674	15,087,892	199%	44,805,378	24,465,797	183%	44,312,519	33,524,527	132%
Experience	2034	31,776,098	13,822,940	230%	48,354,897	22,866,730	211%	47,822,993	31,333,388	153%
	2035	33,062,150	12,571,305	263%	51,613,807	21,234,854	243%	51,046,055	29,097,292	175%
	2036	31,944,799	11,358,528	281%	54,472,447	19,593,723	278%	53,873,250	26,848,514	201%
	2037	32,175,895	10,204,833	315%	56,868,745	17,964,836	317%	56,243,188	24,616,514	228%
	2038	33,024,002	9,115,154	362%	58,680,964	16,358,614	359%	58,035,474	22,415,570	259%
	2039	33,336,435	8,091,101	412%	59,876,121	14,787,666	405%	59,217,484	20,262,961	292%
	2040	33,164,279	7,137,757	465%	60,356,705	13,260,430	455%	59,692,781	18,170,250	329%
	2041	30,451,313	6,258,474	487%	59,993,964	11,771,630	510%	59,334,031	16,130,205	368%
	2042	29,104,310	5,455,436	533%	58,732,150	10,362,829	567%	58,086,096	14,199,781	409%
	2043	28,452,785	4,726,539	602%	56,958,002	9,067,394	628%	56,331,464	12,424,696	453%
	2044	27,370,520	4,067,575	673%	54,732,737	7,885,625	694%	54,130,676	10,805,364	501%
	2045	26,007,373	3,478,705	748%	52,108,220	6,815,719	765%	51,535,030	9,339,313	552%
	2046	22,867,802	2,957,150	773%	49,162,352	5,856,980	839%	48,621,566	8,025,592	606%
	2047	20,792,385	2,499,044	832%	46,010,451	5,000,684	920%	45,504,336	6,852,243	664%
	2048	19,378,647	2,098,325	924%	42,689,359	4,243,040	1006%	42,219,776	5,814,073	726%
	2049	17,806,645	1,749,052	1018%	39,270,343	3,578,025	1098%	38,838,369	4,902,828	792%
	2050	16,177,651	1,448,795	1117%	35,834,575	2,998,781	1195%	35,440,394	4,109,113	862%
	2051	13,727,558	1,192,850	1151%	32,419,615	2,497,893	1298%	32,062,999	3,422,766	937%
	2052	11,937,928	976,994	1222%	29,076,159	2,067,901	1406%	28,756,321	2,833,564	1015%
	2053	10,615,427	795,991	1334%	25,886,644	1,701,705	1521%	25,601,891	2,331,780	1098%
	2054	9,261,620	644,677	1437%	22,860,919	1,392,212	1642%	22,609,449	1,907,694	1185%
	2055	8,003,926	520,379	1538%	20,033,360	1,132,604	1769%	19,812,993	1,551,963	1277%

Note: Please refer to the Actuarial Memorandum, section "Ensuring No Cross-Subsidization Between States", for adjustments made to experience exhibits

Values as of 12/31/2024 (discounted at maximum statutory valuation rates)

	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
Past :	107,178,219	597,842,803	17.9%	71,816,137	663,568,294	10.8%	71,816,137	663,568,294	10.8%
Future :	440,876,944	216,665,053	203.5%	759,237,622	340,990,275	222.7%	751,427,170	442,687,181	169.7%
Lifetime :	548,055,163	814,507,856	67.3%	831,053,759	1,004,558,569	82.7%	823,243,308	1,106,255,475	74.4%
Lifetime Net of Hedges :	**548,055,163**	**814,507,856**	**67.3%**	**795,833,116**	**1,004,558,569**	**79.2%**	**788,022,665**	**1,106,255,475**	**71.2%**

Total Incurred Claims exceed Total Initial Premiums x max(58%, Original Pricing Loss Ratio) + Increased Premiums x max(85%, Original Pricing Loss Ratio)

Impact of Improved Hedge Terms	**(35,220,643)**		Accum Value of Past Initial Prm x 67.3% =	406,065,366
Minimum (Accum Value of Past Incurred Claims,			Present Value of Future Initial Prm x 67.3% =	172,447,232
Accum Value of Adjusted Expected Incurred Claims)	71,816,137		Accum Value of Prior Increases x 85.0% =	51,070,240
Present Value of Future Incurred Claims =	751,427,170		Present Value of Future Increases x 85.0% =	158,439,826
Total =	788,022,665	>=	Total =	788,022,664

Total Incurred Claims exceed Total Initial Premiums x max(60%, Original Pricing Loss Ratio) + Increased Premiums x max(80%, Original Pricing Loss Ratio)

Impact of Improved Hedge Terms	**(35,220,643)**		Accum Value of Past Initial Prm x 67.3% =	406,065,366
Minimum (Accum Value of Past Incurred Claims,			Present Value of Future Initial Prm x 67.3% =	172,447,232
Accum Value of Adjusted Expected Incurred Claims)	71,816,137		Accum Value of Prior Increases x 80.0% =	48,066,108
Present Value of Future Incurred Claims =	751,427,170		Present Value of Future Increases x 80.0% =	149,119,836
Total =	788,022,665	>=	Total =	775,698,543

4. Proposed Effective Date

New rates will not be effective until after the completion of prior rate increases for all policyholders with product forms listed in this memo. These rates will be effective on the next policy anniversary date after completion, following at least a 90 day policyholder notification period. The assumed effective date used to calculate the rate increase is 01/01/2027.

5. History of Previous Rate Revisions

An average rate increase of 12.5% on these policy forms was accepted by your state on September 29, 2014.

An average rate increase of 5.0% on these policy forms was accepted by your state on April 13, 2018.

An average rate increase of 12.5% on these policy forms was accepted by your state on May 15, 2025.

6. Reduced Benefit Options (RBOs)

If the full or substantial portion of the rate increase request is approved and per the state's agreement, we will file the following additional options which provide policyholders alternatives to the rate increase:

- ***Inflation Landing Spots***
  Future inflation options (also referred to as "landing spots") allow policyholders that have Compound or Simple inflation coverage the option to offset the rate increase. Under these options, the policyholders get to keep their current accumulated Daily benefit and their current remaining Lifetime Maximum Benefit, but the future indexation rate will be reduced to a level which is actuarially equivalent to the requested rate increase in aggregate, where possible. These options are not available to limited pay policies or policyholders who have elected three prior inflation reductions.

- ***Shared Cost Option***
  Shared Cost option is an actuarially equivalent option that allows policyholders without CPI-linked inflation the option to offset the rate increase. The Shared Cost option would:

  - Reduce the policyholder's current policy benefit amounts by their Shared Cost percentage. The daily/monthly benefit and the policy limit will be reduced by the Shared Cost percentage
  - Apply a percentage factor to any future claim payments equal to the Shared Cost percentage. John Hancock will pay our portion (1 minus the Shared Cost percent) of any covered services, but will not pay more than the new reduced daily/monthly benefit amount and the policyholder will be responsible for the remainder.

  Shared Cost Percentages are calculated using seriatim, nationwide data for each benefit period, inflation type and issue age band combination. All Shared Cost percentages are determined to be actuarially equivalent to the requested rate increases by combination of 5-year issue age band, benefit period and inflation type. The Shared Cost option is not available to limited pay policies or policyholders who have elected two prior Shared Cost options.

- ***Voluntary Enhanced Paid-Up Policy Option***
  For those who choose to stop paying premiums, this option will be a paid-up policy with a policy limit equal to the lesser of the current policy limit and 150% of premiums paid less any benefits received.

The premium rate tables reflecting these options will be filed upon request following a full or substantial approval.

7. State Policyholder Counts & Average Annual Premium

The table below summarizes the number of policies inforce that could be affected by the rate increase in your state and their annualized premiums, as well as the average annual premium per policy before and after the requested increase.

Counts and premiums are based on policies inforce as of 12/31/2024. Premium-paying policies as well as policies on claim are included, since although the premium for policies on claim is currently waived, they could be subject to the rate increase upon recovery. Paid-up policies and policies which have exercised the nonforfeiture benefit option are excluded.

Form	Number of Policies	2024 Annualized Premium*	2024 Average Annual Premium Before the rate increase*	2024 Average Annual Premium After the rate increase
LTC-03 MD 6/10	166	563,416	3,394	4,702

*Premiums reflect the rate increases approved in prior filing(s), including approvals where implementation is not yet complete

8. State and Nationwide Distribution of Business as of December 31, 2024

The state-specific and nationwide distribution of business for policyholders impacted by the rate increase is shown below by inflation type, benefit period, and issue age. The breakdown of business by Premium Payment Option is also included to show the number of policyholders no longer paying premiums due to nonforfeiture election or paid-up status.

Inflation Type

State	GPO	Simple	Compound	CPI	Total
NW	13%	5%	4%	78%	100%
MD	7%	5%	3%	84%	100%
NW	1,470	539	469	9,019	11,497
MD	12	9	5	140	166

Benefit Period

State	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	10 yr	Total
NW	0%	7%	35%	23%	23%	9%	3%	100%
MD	0%	4%	42%	22%	16%	13%	2%	100%
NW	2	834	4,003	2,643	2,693	1,010	312	11,497
MD	0	7	70	37	27	21	4	166

Issue Age

State	< 40	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+	Total
NW	1%	2%	6%	14%	27%	30%	15%	4%	1%	0%	100%
MD	1%	1%	13%	13%	31%	29%	9%	2%	0%	0%	100%
NW	104	196	689	1,575	3,114	3,505	1,771	462	75	6	11,497
MD	1	2	22	22	52	48	15	4	0	0	166

Premium Payment Option

State	Lifetime Pay	On Claim	Limited Pay	NFO*	Limited Pay, Paid Up*	Survivorship Waiver of Premium*	Total
NW	92%	1%	0%	3%	3%	0%	100%
MD	97%	1%	1%	0%	2%	0%	100%
NW	11,271	180	46	326	356	27	12,206
MD	164	1	1	0	3	0	169

*Policies not included in distributions by count shown above as they are not impacted by the rate increase.

9. Benefit Description(s)

A brief policy description for each of the policy forms:

LTC-03 MD 6/10
Individually underwritten long-term care policies that provide comprehensive long-term care coverage for care received in a nursing home or assisted care living facility, home health care, hospice care, respite care, or attendance at an Adult Day Care Center providing Adult Day Care.

Provides reimbursement of covered long-term care expenses incurred after an elected elimination period is met, up to the maximum daily/monthly amount. The benefit eligibility is determined based on the insured's cognitive impairment or their requiring physical assistance to perform two out of six activities of daily living (ADLs) of bathing, dressing, eating, toileting, transferring and maintaining continence.

Premiums are waived after the insured has met the elimination period and is receiving benefits and will continue to be waived until the insured stops receiving such benefits.

10. Renewability

All policy forms are guaranteed renewable.

11. Applicability

This filing is applicable to in force policies only, as these policy forms are no longer being sold in the market. The premium changes will apply to the base forms as well as all applicable riders.

12. Trend Assumptions

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

13. Marketing Method

This product was typically marketed through our traditional agency system and brokers involving a personal contact with each applicant.

14. Underwriting

These policy forms were underwritten using a medical and risk questionnaire. We also utilized Attending Physician Statement and personal interviews depending on the age of the applicant and medical conditions.

15. Premium Classes

The base policy premium rates vary by issue age, benefit period, inflation option, home health care maximum benefit percentage, and underwriting class, as in the initial rate filing.

All premium factors related to the insured elected benefit design options or any eligible discount remain unchanged from the initial rate filing.

16. Premium Modalization Rules

Frequency	Multiple of Annual Premium
Semiannual	.52
Quarterly	.27
Monthly	.09

17. Issue Age Range

The issue age range is 18-84 for all policy forms.

18. Area Factors

Area factors are not applicable to any of the policy forms or riders.

19. Reserves

Active Life Reserves have not been used in this rate increase demonstration. Minimum Statutory Claim reserves as of 12/31/2024 have been discounted to the date of incurral of each respective claim and included in the historical incurred claims. Incurred But Not Reported claim reserves as of 12/31/2024 have also been allocated to the calendar year of incurral and included in historic incurred claims.

20. Ensuring No Cross-Subsidization Between States

We have ensured no state's rate increase approvals will subsidize other states' rate increases. Rate increases will vary by state, but only to reflect the timing and amount of prior rate increases approved by that state. This is accomplished by first backing-out all prior approved rate increases from our nationwide premium data. We then re-introduce actual prior rate increases with the amount and timing based on your state's prior approvals (as detailed in the section entitled **History of Previous Rate Revisions**). The current proposed rate increase is then determined as the amount needed to satisfy the rate stability rule.

Although some states may have capped our previous inforce rate increase filings, in each case this was done with the understanding that the full amount of the proposed rate increases were justified and that John Hancock would be refiling for the remainder at a later date. In instances where the remainder remains unapproved, it has been included in the current filings.

21. Past Losses Testing

The 2014 Long Term Care Model Regulation defines past losses as actual past claims less expected past claims when determining loss ratio compliance. Expected past claims are defined as the following:

> "Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase [regardless of whether or not the rate increase is approved]. Expected claims are calculated for each calendar year based on the in-force at the beginning of the calendar year. Expected claims shall include margins for moderately adverse experience; either amounts included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing."

We apply this methodology in demonstrating that we are not recouping past losses.

The 'Adjusted Expected Incurred Claims' are initially calculated by applying the original pricing durational loss ratio to the actual earned premium in a given calendar year. Later, in years in which and after which we filed for inforce rate increases, expected incurred claims are based on the new assumptions that were filed.

The accumulated value of the Adjusted Expected Incurred Claims is compared to the accumulated value of Actual Incurred Claims. The lesser of the Adjusted Expected Incurred Claims or Actual Incurred Claims is used for past claims when ensuring that the resulting overall increase in rates satisfies the rate stability rule ensuring a loss ratio no less than 85% (or the original pricing loss ratio if greater) on the rate increase portion, while applying 58% (or the original pricing loss ratio if greater) on the original rate schedule. This is demonstrated at the bottom of **Exhibit 1**. The derivation of Adjusted Expected Incurred Claims and comparison to Actual Incurred Claims can be seen in **Addendum #2 – Demonstration of not Recouping Past Losses**.

22. Actuarial Certification

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long-term care insurance premiums and filing for increases in long-term care insurance premiums. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The preceding Actuarial Memorandum contains:
a) the assumptions on which this certification is based;
b) the adjustments to prior assumptions with an explanation of the reasons previous assumptions were not realized;
c) a lifetime projection of the prior premium rate schedules and incurred claims plus future expected premiums and claims which demonstrates that the revised premium rate schedule meets the loss ratios standards and necessary details of this state; and
d) disclosure of the manner, if any, in which reserves have been recognized.

If the requested premium rate schedule increase is implemented and the underlying assumptions which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

I have reviewed and taken into consideration the policy design and coverage provided, and our current underwriting and claims adjudication processes.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary. Based on these assumptions or statutory requirements where necessary, the premium rate filing is in compliance with the loss ratio standards of this state.

The basis for contract reserves has been previously filed and there is no anticipation of any changes.

P.J. Beltramini, FSA, MAAA
VP, Long Term Care Inforce Management
John Hancock Life Insurance Company (U.S.A.)

Addendum #1 - Assumptions and Analysis Performed

As part of the inforce management of the business, the Company completes periodic analysis for morbidity, voluntary lapse rates, and mortality. The findings from these analyses were used in projecting the inforce business to determine the effect of experience on the projected lifetime loss ratio. The most current studies show unfavorable trends since the study that prompted our 2022 rate increase filings.

Relative to previous expectations, the new data demonstrates higher utilization of benefits and unfavorable mortality for non-claimants, partially offset by favorable claim terminations and claim incidence.

[REDACTED]

A. Current & Prior Assumptions

Morbidity

[REDACTED]

Incidence

[REDACTED]

After updating assumptions to reflect the generally favorable experience, the overall A/E ratio is 99%.

The final A/Es show a better fit across attained age groupings:

Attained Age	Current
0-94	99%
95+	99%
Total	99%

Claim Terminations

[REDACTED]

After updating assumptions to reflect termination experience, the A/E is 99% for the first 5 months on claim, 100% for months 6+ and 100% overall.

Months on Claim	Months 1-5	Months 6+	Total
Total	99%	100%	100%

Utilization

[REDACTED]

After updating our assumption based on experience, the calendar year 2024 A/E is 100%.

Inflation Type	Prior	Current
None	105%	98%
Compound	112%	101%
Simple	108%	100%
Total	110%	100%

Voluntary Lapses

[REDACTED]

Actual to Expected ratios for this block (John Hancock individual business) summarized by inflation and duration groups before and after the assumption update are shown below.

Lapse	Prior			Current		
Duration	No Inflation	Inflation	Total	No Inflation	Inflation	Total
15-19	124%	114%	115%	101%	99%	99%
20+	113%	106%	108%	103%	103%	103%
Total	112%	106%	107%	98%	101%	100%

The changes to the expected lapse assumption improved the fit across cohorts and resulted in a total A/E of 100%.

Mortality

[REDACTED]

The table below shows the A/E ratios for non-claimants before and after the assumption update for all Custom Care products. Experience was lower than expected.

Prior	Current
87%	102%

Expenses

[REDACTED]

CPI Inflation Rate

[REDACTED]

B. <u>Original Pricing Assumptions</u>

[REDACTED]

Addendum #2 – Demonstration of not Recouping Past Losses

Custom Care II Enhanced (LTC-03) - 2010 Rates

	Calendar Year	Original Incurred Loss Ratio	Historic Data Earned Premium	**Adjusted Expected Incurred Claims**		Historic Data Incurred Claims
Original Pricing	1988	0%	-	**-**		-
	1989	0%	-	**-**		-
	1990	0%	-	**-**		-
	1991	0%	-	**-**		-
	1992	0%	-	**-**		-
	1993	0%	-	**-**		-
	1994	0%	-	**-**		-
	1995	0%	-	**-**		-
	1996	0%	-	**-**		-
	1997	0%	-	**-**		-
	1998	0%	-	**-**		-
	1999	0%	-	**-**		-
	2000	0%	-	**-**		-
	2001	0%	-	**-**		-
	2002	0%	-	**-**		-
	2003	0%	2,715	**-**		-
	2004	0%	9,762	**-**		-
	2005	0%	9,762	**-**		-
	2006	0%	19,323	**-**		-
	2007	0%	29,802	**-**		-
	2008	0%	40,543	**-**		-
	2009	0%	44,630	**-**		-
	2010	2%	7,635,234	**164,613**		-
	2011	2%	33,558,994	**784,999**		87,696
	2012	4%	34,969,786	**1,379,167**		993,222
2013 Assumptions	2013			**1,472,619**		761,328
	2014			**1,996,359**		1,116,142
	2015			**2,593,332**		1,372,537
2016 Assumptions	2016			**3,026,971**		2,344,357
	2017			**3,711,504**		2,777,004
	2018			**4,601,147**		3,884,331
2019 Assumptions	2019			**6,832,656**		4,368,396
	2020			**8,132,882**		5,044,767
	2021			**9,530,296**		8,710,966
2022 Assumptions	2022			**11,166,047**		8,499,972
	2023			**13,321,351**		9,917,752
	2024			**15,361,416**		11,606,726
Values as of 12/31/2024 (discounted at maximum statutory valuation rates)						
Past :				**99,331,448**	>	71,816,137

Minimum (Accum Value of Past Incurred Claims,
Accum Value of Adjusted Expected Incurred Claims) = 71,816,137

The lesser of actual and expected past claims, $71,816,137, is used in demonstrating compliance with the minimum loss ratio in Exhibit 1