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

Product Name	Form Number	Issue Date Range
Custom Care II	LTC-03 MD	Mar 2004 - Dec 2009
Essential Care II	BSC-03 MD	Jun 2004 - Mar 2007

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 71.2%. The rate increase was determined as the amount needed to meet the target loss ratio from our prior filing, based on nationwide experience through 2024 and projected future experience, reflecting the timing and history of the state's rate increases. The resulting overall increase in rates satisfies the rate stability rule, as the lifetime loss ratio after the rate increase exceeds 85%.

In the rate schedules by policy form, **Appendix B1** contains the new proposed rate tables for all policy forms included with this 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, 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 actual mix of business issued.

The lifetime loss ratio as of 12/31/2024 is calculated as the sum of accumulated past and discounted future claims 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 4.5% for policies issued before 2006 and 4.0% for policies issued in 2006 and after.

The exhibit illustrates that the anticipated lifetime loss ratio with the requested rate increase is 88.3%, which exceeds the original pricing loss ratio (determined at the maximum statutory valuation rate for consistency with the rate increase request) of 85.3%.

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 (LTC-03) and Essential Care II (BSC-03)

		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
	1988	-	-	0%	-	3,448	0%	-	3,448	0%
	1989	-	-	0%	-	3,448	0%	-	3,448	0%
	1990	-	-	0%	-	4,038	0%	-	4,038	0%
	1991	-	-	0%	-	5,212	0%	-	5,212	0%
	1992	-	-	0%	-	5,212	0%	-	5,212	0%
	1993	-	-	0%	-	9,311	0%	-	9,311	0%
	1994	-	-	0%	-	10,467	0%	-	10,467	0%
	1995	-	-	0%	-	12,687	0%	-	12,687	0%
	1996	-	-	0%	-	20,415	0%	-	20,415	0%
	1997	-	-	0%	-	20,415	0%	-	20,415	0%
	1998	-	-	0%	-	28,469	0%	-	28,469	0%
	1999	-	-	0%	-	42,180	0%	-	42,180	0%
	2000	-	-	0%	-	69,841	0%	-	69,841	0%
	2001	-	-	0%	-	111,735	0%	-	111,735	0%
	2002	-	-	0%	-	170,534	0%	-	170,534	0%
	2003	35	81,874	0%	-	436,906	0%	-	436,906	0%
	2004	275,225	33,268,372	1%	185,275	34,903,825	1%	185,275	34,903,825	1%
	2005	1,505,539	87,735,821	2%	1,843,760	89,377,495	2%	1,843,760	89,377,495	2%
Historical	2006	4,341,298	159,613,553	3%	5,584,454	162,403,384	3%	5,584,454	162,403,384	3%
Experience	2007	9,385,269	241,657,527	4%	8,522,600	246,099,073	3%	8,522,600	246,099,073	3%
	2008	16,342,841	261,288,851	6%	12,276,790	266,369,765	5%	12,276,790	266,369,765	5%
	2009	24,027,537	260,217,326	9%	18,949,685	266,384,684	7%	18,949,685	266,384,684	7%
	2010	31,336,656	252,059,257	12%	22,965,973	260,243,489	9%	22,965,973	260,243,489	9%
	2011	38,378,293	244,303,877	16%	30,649,829	252,831,260	12%	30,649,829	252,831,260	12%
	2012	45,109,357	237,189,030	19%	39,645,782	234,559,137	17%	39,645,782	234,559,137	17%
	2013	53,058,220	230,479,443	23%	44,966,451	249,658,613	18%	44,966,451	249,658,613	18%
	2014	62,292,449	223,905,820	28%	59,971,745	262,488,628	23%	59,971,745	262,488,628	23%
	2015	71,597,557	217,269,718	33%	72,277,826	259,939,043	28%	72,277,826	259,939,043	28%
	2016	80,966,014	210,430,749	38%	86,506,563	252,917,599	34%	86,506,563	252,917,599	34%
	2017	90,187,875	203,325,100	44%	104,070,702	249,636,481	42%	104,070,702	249,636,481	42%
	2018	100,790,288	195,961,024	51%	117,383,269	256,757,717	46%	117,383,269	256,757,717	46%
	2019	113,431,316	188,359,779	60%	124,779,414	255,608,597	49%	124,779,414	255,608,597	49%
	2020	127,363,304	180,562,806	71%	123,338,837	254,233,631	49%	123,338,837	254,233,631	49%
	2021	142,137,850	172,583,653	82%	182,125,757	257,271,350	71%	182,125,757	257,271,350	71%
	2022	157,674,108	164,438,912	96%	212,809,945	247,561,521	86%	212,809,945	247,561,521	86%
	2023	174,816,327	156,165,248	112%	228,127,440	233,888,302	98%	228,127,440	233,888,302	98%
	2024	193,438,993	147,803,227	131%	263,224,248	229,173,274	115%	263,224,248	229,173,274	115%
	2025	212,617,844	139,391,897	153%	317,735,208	247,760,370	128%	317,735,208	247,760,370	128%
	2026	231,564,826	130,971,632	177%	338,589,884	257,412,317	132%	338,589,884	257,412,317	132%
	2027	249,890,403	122,577,098	204%	372,990,320	245,481,111	152%	369,819,903	396,601,251	93%
	2028	267,436,667	114,243,798	234%	407,694,662	231,627,175	176%	400,763,853	389,781,903	103%
	2029	283,727,312	106,005,260	268%	435,477,270	217,296,827	200%	428,074,156	365,666,813	117%
	2030	297,989,954	97,903,048	304%	460,153,708	202,797,950	227%	452,331,095	341,268,123	133%
	2031	309,386,057	89,984,270	344%	489,537,573	188,168,009	260%	481,215,435	316,648,877	152%
Projected	2032	317,838,951	82,289,089	386%	515,730,570	173,505,495	297%	506,963,151	291,974,818	174%
Future	2033	323,620,876	74,855,333	432%	538,091,706	158,944,448	339%	528,944,147	267,471,506	198%
Experience	2034	326,839,624	67,717,566	483%	554,815,505	144,575,683	384%	545,383,641	243,291,768	224%
	2035	327,343,344	60,910,052	537%	565,211,264	130,480,427	433%	555,602,672	219,572,290	253%
	2036	324,414,678	54,470,382	596%	568,862,891	116,806,777	487%	559,192,222	196,562,291	284%
	2037	318,286,247	48,426,761	657%	565,396,190	103,701,736	545%	555,784,454	174,509,144	318%
	2038	308,851,017	42,799,322	722%	555,120,632	91,359,346	608%	545,683,581	153,739,386	355%
	2039	296,870,620	37,599,308	790%	539,829,625	79,953,222	675%	530,652,521	134,545,176	394%
	2040	283,105,842	32,830,959	862%	520,319,433	69,515,332	748%	511,474,002	116,980,308	437%

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 :	1,986,303,277	6,422,526,799	30.9%	2,212,655,536	7,379,638,220	30.0%	2,212,655,536	7,379,638,220	30.0%
Future :	4,436,303,454	1,109,718,475	399.8%	7,448,439,596	2,247,394,224	331.4%	7,335,380,237	3,435,914,190	213.5%
Lifetime :	6,422,606,731	7,532,245,275	85.3%	9,661,095,131	9,627,032,444	100.4%	9,548,035,772	10,815,552,409	88.3%

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

	-		Accum Value of Past Initial Prm x 85.3% =	5,449,126,107
Minimum (Accum Value of Past Incurred Claims,			Present Value of Future Initial Prm x 85.3% =	887,667,467
Accum Value of Adjusted Expected Incurred Claims)	2,212,655,536		Accum Value of Prior Increases x 85.3% =	843,355,401
Present Value of Future Incurred Claims =	7,335,380,237		Present Value of Future Increases x 85.3% =	2,042,073,240
Total =	9,548,035,772	>=	Total =	9,222,222,215

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

	-		Accum Value of Past Initial Prm x 85.3% =	5,449,126,107
Minimum (Accum Value of Past Incurred Claims,			Present Value of Future Initial Prm x 85.3% =	887,667,467
Accum Value of Adjusted Expected Incurred Claims)	2,212,655,536		Accum Value of Prior Increases x 85.3% =	843,355,401
Present Value of Future Incurred Claims =	7,335,380,237		Present Value of Future Increases x 85.3% =	2,042,073,240
Total =	9,548,035,772	>=	Total =	9,222,222,215

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 14.9% on these policy forms was accepted by your state on September 13, 2012.

An average rate increase of 6.7% on these policy forms was accepted by your state on September 11, 2013.

An average rate increase of 15.6% on these policy forms was accepted by your state on April 13, 2018

An average rate increase of 15.8% on these policy forms was accepted by your state on April 01, 2020.

An average rate increase of 30.2% on these policy forms was accepted by your state on March 27, 2024.

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 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	2198	9,406,612	4,279	7,326
BSC-03 MD	39	142,755	3,660	6,266

*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	5%/3% Compound	Total
NW	16%	26%	50%	8%	100%
MD	10%	24%	66%	0%	100%
NW	13,370	22,321	43,145	6,982	85,818
MD	223	545	1,469	0	2,237

Benefit Period

State	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	10 yr	Lifetime	Total
NW	0%	8%	26%	25%	21%	9%	4%	7%	100%
MD	0%	10%	27%	27%	21%	8%	2%	5%	100%
NW	4	6,449	22,505	21,826	17,796	7,965	3,335	5,938	85,818
MD	0	215	614	610	462	188	43	105	2,237

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%	16%	30%	28%	14%	3%	0%	0%	100%
MD	0%	2%	7%	18%	32%	25%	12%	3%	0%	0%	100%
NW	765	1,591	5,063	13,775	25,321	24,383	11,903	2,601	392	24	85,818
MD	11	42	156	413	720	559	263	65	8	0	2,237

Premium Payment Option

State	Lifetime Pay	On Claim	Limited Pay	NFO*	Limited Pay, Paid Up*	Survivorship Waiver of Premium*	Total
NW	87%	4%	0%	5%	4%	1%	100%
MD	89%	3%	0%	2%	5%	1%	100%
NW	82,092	3,558	168	4,632	3,724	612	94,786
MD	2,153	78	6	48	109	18	2,412

*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:

<u>LTC-03 MD</u>
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.

<u>BSC-03 MD</u>
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. For care received in a nursing home, benefits are paid up to 100% of the maximum daily/monthly amount. For care received in an assisted living facility, benefits are paid up to 80% of the maximum daily/monthly amount. For all other care, benefits are paid up to 50%, 80% or 100% of the maximum daily/monthly amount, as elected at issue. 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 Nursing Home or Assisted Living Facility 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 increases are then determined based on the amounts needed in order to achieve our target lifetime loss ratios certified to in our prior filing.

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]

B. Original Pricing Assumptions

[REDACTED]

	Calendar Year	Original Incurred Loss Ratio	Historic Data Earned Premium	**Adjusted Expected Incurred Claims**		Historic Data Incurred Claims
Original Pricing	1988	0%	3,448	**-**		-
	1989	0%	3,448	**-**		-
	1990	0%	3,636	**-**		-
	1991	0%	5,212	**-**		-
	1992	0%	5,212	**-**		-
	1993	0%	9,142	**-**		-
	1994	0%	10,467	**-**		-
	1995	0%	12,687	**-**		-
	1996	0%	20,415	**-**		-
	1997	0%	20,415	**-**		-
	1998	0%	27,710	**-**		-
	1999	0%	40,511	**-**		-
	2000	0%	69,627	**-**		-
	2001	0%	110,863	**-**		-
	2002	0%	169,283	**-**		-
	2003	0%	426,987	**180**		-
	2004	1%	33,127,211	**274,057**		185,275
	2005	2%	87,163,823	**1,495,724**		1,843,760
	2006	3%	159,491,449	**4,337,977**		5,584,454
	2007	4%	243,391,754	**9,452,621**		8,522,600
	2008	6%	266,439,236	**16,664,982**		12,276,790
	2009	9%	266,766,265	**24,632,242**		18,949,685
2010 Assumptions	2010			**25,433,851**		22,965,973
	2011			**31,786,583**		30,649,829
	2012			**39,708,706**		39,645,782
	2013			**48,771,450**		44,966,451
	2014			**58,438,753**		59,971,745
	2015			**68,862,111**		72,277,826
2016 Assumptions	2016			**83,725,554**		86,506,563
	2017			**97,430,506**		104,070,702
	2018			**113,021,626**		117,383,269
2019 Assumptions	2019			**153,319,398**		124,779,414
	2020			**174,626,959**		123,338,837
	2021			**199,737,341**		182,125,757
2022 Assumptions	2022			**216,774,421**		212,809,945
	2023			**245,937,969**		228,127,440
	2024			**275,191,614**		263,224,248
Values as of 12/31/2024 (discounted at maximum statutory valuation rates)						
Past :				**2,367,294,346**	>	2,212,655,536

Minimum (Accum Value of Past Incurred Claims,
Accum Value of Adjusted Expected Incurred Claims) = 2,212,655,536

The lesser of actual and expected past claims, $2,212,655,536, is used in demonstrating compliance with the minimum loss ratio in Exhibit 1