

Long Term Care Alert



Date: October 1, 2004
To: Key Distributors selling John Hancock Long Term Care Insurance
From: Retail Long Term Care

Just charge it! Credit Card payments on LTC Insurance Now Accepted by John Hancock!

John Hancock is pleased to be the first of the Top 5 LTC insurance carriers in the nation to introduce to new LTCI customers the ability to pay for their LTC premiums¹ using a MasterCard or VISA credit card! Effective immediately, this new capability offers ultimate convenience for your clients and allows them to earn extra miles and bonus points towards their favorite MasterCard or VISA programs. It is even available to clients on a Limited Pay (10-pay or Paid up to 65) plan! Credit card payments will be accepted with John Hancock's current LTC insurance product line, as long as the premium mode is quarterly or monthly, as follows:

- ❖ Custom Care II or Essential Care II
- ❖ Custom Care I in FL and CA
- ❖ Custom Care Partnership in CA
- ❖ Essential Care I in FL
- ❖ This capability is not available in Indiana until the new CCII and ECII portfolio is available and it is not available on NY Partnership

The Custom Care and Essential Care applications have been re-filed with all states to include a section for credit card information. In the meantime, please indicate "Credit Card" in the special request box and complete authorization form CC AUTH (10/04) and attach to the application before submitting. For your convenience, as of October 1, 2004, when any LTC Application is ordered it will include this new authorization form. This new authorization form will also be available to download from the website at www.jhbrokerage.com.

Please see the attached Q&A for answers to all your questions regarding John Hancock's new credit card payment options. In addition, a promotional postcard about the new Credit Card payment option will soon arrive in agencies.

This new capability offers the ultimate in convenience for new buyers and once again sets John Hancock apart from the competition.

Please contact LTC Sales Support at 800-377-7311, should you have any additional questions.

¹ Premium mode must be monthly or quarterly. Annual and semi-annual mode not permitted with credit card payments.
Long Term Care Insurance is underwritten by John Hancock Life Insurance Company, Boston, MA 02117
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Q&A – Credit Card Payment Method

Background

New LTC customers will have the option to pay premiums by credit card as of October 1, 2004. This payment method will be available for new sales of CC II and EC II only. It is not available on New York Partnership plans or CC I and EC I in Indiana.

Exceptions:

- **Florida and California** - Credit card will be available on CC I and EC I.
- **New York, North Carolina and Maryland** – These states require that credit card payment be available on inforce CC II and EC II policies, for those policyholders who request it.
- **Corporate Solutions** – Credit card will not be available on policies in this plan.

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Q&A – Credit Card Payment Method, Continued

Question **When will I be able to offer the credit card payment method to my clients?**

Answer Credit card payment (using MasterCard or Visa) will be available on October 1, 2004 for new business only.

Question **Why is this payment method only available on new sales after October 1, 2004?**

Answer Due to administrative limitations, this method of payment is only available on new business.

Question **What products is the credit card payment method available on?**

Answer New sales of Custom Care II and Essential Care II, and for Custom Care I in FL and CA, Custom Care Partnership in CA, and Essential Care I in FL.

Question **Is the credit card payment method available to policies sold through the Corporate Solutions plan?**

Answer No. Direct bill, list bill and bank draft are available for the Corporate Solutions plan.

Question **Are there any John Hancock LTCI distributors that will not be offering the credit card payment method to their customers?**

Answer All JH LTCI distributors will offer the credit card payment method to their new customers.

Question **Is the credit card payment method available to inforce policyholders?**

Answer No, it is only available for new business received after October 1, 2004. However, in the states of NY, NC and MD credit card is available to inforce CCII and ECII business upon request, as well as new CCII and ECII business.

Question **What credit cards will be accepted?**

Answer MasterCard and Visa

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Q&A – Credit Card Payment Method, Continued

Question

What are the frequencies that will be offered?

Answer

Monthly and Quarterly (NOT available on semi-annual and annual mode).

Question

Why are annual and semi-annual frequencies not offered?

Answer

Due to administrative limitations, this method of payment is only available with frequencies of monthly and quarterly.

Question

Can the initial premium payment be paid for by credit card?

Answer

Yes, indicate *credit card* in the special requests section on the premium page of the application and attach the authorization form (CC AUTH10/04) to the application.

Question

If the initial premium is going to be drafted, when will the first draft occur?

Answer

The first draft will take place as soon as the policy is issued and activated. The customer can expect to see the transaction in their statement within 5 days after the policy is issued.

Question

Will the application be revised, adding credit card as a payment method?

Answer

Yes, new LTCI applications have been filed with the states and we are awaiting approvals. In the meantime please indicate *credit card* in the special requests section of the application and include a completed authorization form (CC AUTH 10/04) when submitting the application to New Business.

Question

Is there an authorization form that needs to be submitted in order to have premiums paid for by credit card?

Answer

Yes, a form (CC AUTH 10/04) will be necessary in order to establish the credit card payment method and to make any future changes to the credit card information.

Question

When is the authorization form required?

Answer

- At the time of initial set up – until the new application is available
 - For changes to credit card information except for expiration date
 - When the cardholder is different than the insured (even after the new application is available)
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Q&A – Credit Card Payment Method, Continued

Question **What is the form number of the authorization form?**

Answer The form number is CC AUTH 10/04.

Question **Is the form available on the producer websites?**

Answer Yes, the form is available via the Wizard at www.jhbrokerage.com. It is also available as an insert to LTCI applications ordered through John Hancock beginning October 1, 2004.

Question **Should the form be sent in with the application or after the policy is issued?**

Answer The completed form should be included with the application when it is submitted to LTC New Business. If the form is outstanding the producer will receive a message from the New Business Analyst or the Case Manager.

Question **Can customers who have chosen the Limited Pay Option use credit card as their method of payment?**

Answer Yes, the credit card payment method is available on policies that are on Limited Pay.

Question **Will multiple payments from the same credit card show as one transaction on the statement or multiple transactions?**

Answer It depends on the draft date and the frequency. If the policies have the same draft date and frequency then yes, the payments will appear as one transaction. If the policies have different draft dates or are on a different frequency then no, the payments will appear as two different transactions.

Question **What is the process to change to the credit card payment method once a policy has been issued?**

Answer The first six months after issue, the change should be handled with a Reissue form 1064 and a Credit Card Authorization form. The forms should be mailed to LTC Issue/Reissue C-5.

Question **If I have a case in Underwriting can I change the mode to credit card?**

Answer Yes, the mode can be changed to credit card on cases that are “in process”. The completed authorization form (CC AUTH 10/04) should be submitted to LTC New Business C-5.

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Q&A – Credit Card Payment Method, Continued

Question **How should the customer notify John Hancock of a new expiration date?**

Answer A new expiration date change can be made over the telephone; an authorization form is not required. The customer can contact Customer Access at 800-377-7311 to request the expiration date update.

Question **Can the customer choose a specific draft date?**

Answer No, the draft date is determined based on the issue date of the policy.

Question **Can the customer change the draft date at any point in time?**

Answer No, change of draft dates is unavailable.

Question **What does the customer need to do in order to discontinue paying by credit card?**

Answer If the customer would like to discontinue paying by credit card they can call Customer Access at 800-377-7311 to request a mode change to direct bill or a form to initiate a bank draft.

Question **Who will be notified if the credit card is declined?**

Answer If the initial premium payment is unsuccessful New Business will contact the agent or the customer to verify the information. If a response is not received within 3 business days the mode will be changed to quarterly direct bill. If a subsequent payment is unsuccessful, a letter will be mailed to the customer informing them of the rejection. The customer will have 10 business days to respond with new card information. If a response is not received, the mode will be changed to quarterly direct bill.

Question **What if the customer does not respond with new credit card information?**

Answer If the customer does not respond with new information the mode will be changed to quarterly direct bill.

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Q&A – Credit Card Payment Method, Continued

Question **Will my commissions be charged back if the mode is changed from credit card to direct bill?**

Answer Any commissions that were annualized will be charged back and re-paid as the direct bill premiums are paid.

Question **How will refunds be processed? Will the customer receive a check?**

Answer No, the credit card payments will be refunded directly back to the credit card.

Question **Will balance due payments be collected from the credit card if the premium increases as a result of a reissue or benefit change?**

Answer If a reissue creates an outstanding premium balance we will refund to the credit card all premium payments received and collect the new premium due from the credit card.

Question **Will my commissions be annualized?**

Answer For monthly credit card the same annualization rules will apply that are currently in place for monthly EFT. For quarterly credit card, commissions will be paid on an as earned basis.
