



Memo

May 8, 2002

Mr. Steve Grob
State of Wisconsin Department of Employee Trust Funds
801 West Badger Road
P.O. Box 7931
Madison, WI 53707-7931

Re: Review of John Hancock Individual Long-Term Care Policy Series LTC-02 WI

Dear Steve:

We have reviewed the Actuarial Memorandum of the John Hancock Individual Long-Term Care Policy Series LTC-02 WI. Our review included an evaluation of the appropriateness of the pricing assumptions and the reasonableness of corresponding monthly rates.

We reviewed the morbidity bases, mortality, persistency, and interest assumptions. Each assumption falls within an acceptable range and level of conservatism, and is consistent with what we see used by other insurers in the industry. For example, the lapse rates assumed appear to be lower than what we typically see from other insurers. Aggressive (high) lapse rate assumptions have commonly been a driver of the need for subsequent rate increases. John Hancock's low lapse rate assumptions indicate a reduced likelihood of future rate increases.

We reviewed the premium rates in comparison with those currently marketed to individuals in Wisconsin. We found the rates to be comparable to those provided by other insurers in Wisconsin. Additionally, the premium rates appear to be in line with expectations given the pricing assumptions used to derive them.

Based on our review, we believe that the filing appears reasonable.

Sincerely,

Tim Gustafson, FSA, MAAA Mark Yoest, ASA, MAAA

Cc: James Scearcy, FSA, MAA