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DIVISION OF INSURANCE

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DECISION AND ORDER

IN THE MATTER OF THE MERGER OF JOHN HANCOCK LIFE INSURANCE COMPANY, JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY and JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)

DOCKET NO. F2008-02

Introduction

John Hancock Life Insurance Company (“JHLICO”) and John Hancock Variable Life Insurance Company (“JHVLICO”), both Massachusetts insurance companies, seek authorization to merge with and into John Hancock Life Insurance Company (U.S.A.) (“JHUSA”), a Michigan insurance company, (collectively the “Companies”) pursuant to § 19B of Chapter 175 of the Massachusetts General Laws (“§ 19B”) and § 140.04 of Chapter 211 of the Code of Massachusetts Regulation (“CMR § 140.4”).

Manulife Financial Corporation (“MFC”) and John Hancock Financial Services (“JHFS”) merged in 2004, and as a result, MFC, a Canadian corporation, is the current owner of two groups of insurance-related companies domiciled within the United States. JHLICO and JHVLICO, a wholly owned subsidiary of JHLICO, are part of one group that includes JHLICO’s

corporate parent, JHFS, and John Hancock Holdings (Delaware) LLC ("JHHLLC"), the parent of JHFS. JHUSA is part of a second, separate group consisting of JHUSA's corporate parent, Manufacturers Investment Corporation ("MIC"), a subsidiary of Manulife Holdings (Delaware) LLC ("MHDLLC"), which in turn, is a subsidiary of Manulife Holdings (Alberta) Limited ("MHAL"), which is a subsidiary of The Manufacturers Life Insurance Company ("MLI") which, together with JHHLLC is a subsidiary of MFC. MFC seeks to combine these two groups into one corporate group through this transaction.

Immediately prior to this transaction, MFC will transfer JHHLLC, a holding company for JHFS, to MLI. MLI then will transfer JHHLLC to MHAL. JHFS will merge with and into MIC, the holding company for JHUSA. MHDLLC, the holding company for MIC, will merge with and into JHHLLC.

JHLICO, JHVLICO and JHUSA filed a copy of the draft agreement to merge ("Draft Agreement to Merge") and a copy of the definitive draft merger agreement ("Draft Merger Agreement") for the transaction with the Massachusetts Division of Insurance ("Division") on June 5, 2009. JHLICO's and JHVLICO's Boards of Director approved the proposed transaction, respectively, on May 14, 2009 by means of a signed resolution. JHFS, the sole shareholder of JHLICO, and JHLICO, the sole shareholder of JHVLICO, signed the respective resolutions approving the proposed merger and copies of the Draft Agreement to Merge and Draft Merger Agreement.

JHUSA's Board of Directors approved the proposed transaction by means of a signed resolution on June 5, 2009. MIC, the sole shareholder of JHLICO, signed the resolution approving the proposed merger and copies of the Draft Agreement to Merge and Draft Merger Agreement.

The proposed transaction cannot take effect pursuant to § 19B without my written authorization. I may consider in making my decision: (1) The fairness of the terms and conditions of the Agreement; (2) Whether the interests of the Policyholders, and Stockholders, if any, of the Domestic Company(ies) are protected; and (3) Whether the proposed merger or consolidation is in the public interest. C.M.R. § 140.4.

Procedural History

I formed a working group of Division staff members (the "Working Group"), headed by Robert G. Dynan, the Division's Deputy Commissioner of Financial Analysis, to review the proposed transaction on behalf of policyholders and the insuring public. The Division engaged independent financial and tax consultants from Deloitte Consulting LLP and Deloitte Tax LLP ("Deloitte") as well as legal advisors from the law firm of Bingham McCutchen LLP ("Bingham") to assist the Working Group in its review of the proposed transaction. Attorneys from Bingham also provided independent legal advice and assistance in evaluating the proposed transaction to ensure that it complied with § 19B and CMR § 140.4.

JHLICO, JHVLICO and MFC, on October 14, 2008, submitted to the Division a Draft Merger Agreement, Draft Agreement to Merge, approvals by the boards of directors of each of the Companies, approvals by the sole shareholders of each of the Companies, financial information, written testimony from James D. Gallagher, Senior Vice President of Communications, Government and Community Relations for JHFS and written testimony from James R. Boyle, President of John Hancock Insurance Group and JHFS, in support of the proposed transaction.

I issued a Notice of Hearing ("Notice") on October 6, 2008, regarding the proposed transaction. The Notice scheduled a public hearing to begin at the Division on October 28, 2008 at 10:00 a.m. The Notice also stated that information about the proposed transaction was available for inspection at the Division's public document room. I offered an opportunity for any person wishing to make an oral statement at the hearing to submit to the Division by October 24, 2008 a written Notice of Intent to Comment and for those wishing to submit a written comment to do so up until the closing of the record of the hearing. The Notice was published in The Boston Globe on October 8, 2008, and The New York Times and The Worcester Telegram & Gazette on October 10, 2008. The Division also posted the Notice on its website.

No persons or entities filed a Notice of Intent to Comment at the hearing or submitted a written comment as of the date of the hearing.[1] At the hearing, Thomas Samoluk, Vice President of Government Relations for JHLICO and JHVLICO, requested adjournment of the hearing and a continuance to a future date due to the complexity of the transactions, the pendency of proceedings before other state insurance regulators, and the need for additional time in which to develop a more complete hearing record. The Working Group did not object to the continuance and the request was granted.

I issued a second Notice of Hearing on July 24, 2009, regarding the proposed transaction and stated that the hearing adjourned from October 28, 2008 would be continued to August 5, 2009 at 9:00 a.m. This Notice also stated that information about the proposed transaction was available for inspection at the Division's public document room, which was created and maintained at the Division's offices to provide the public with access to relevant documents concerning the proposed transaction. On July 31, 2009, an Affidavit of Notice of the Public Hearing executed by Emanuel Alves, Vice President, Counsel and Corporate Secretary of JHLICO and JHVLICO, was submitted to all directors, officers and employees of JHLICO and JHVLICO by email and by posting on the companies' intranet and external websites and an email copy was also provided to the Chief Executive Officer of JHUSA.

I conducted the hearing, along with my General Counsel, Elisabeth A. Ditomassi, the Presiding Officer, on August 5, 2009. Other than JHILCO, JHVLICO and JHUSA, no individual or entity appeared at the hearing seeking to participate or submitted written comments or statements in connection with the hearing. Emanuel Alves, Vice President, Counsel and Corporate Secretary of JHLICO and JHVLICO, presented an opening statement and a brief overview of the proposed transaction with a summary of what had been filed prior to the hearing. Following Mr. Alves's opening statement, each of John Hancock's previously identified witnesses, John Vrysen, Senior Vice President of JHFS, and Carol Fulp, Vice President of Community Relations at JHFS, presented oral statements under oath. Robert Dynan testified on behalf of the Working Group, providing an overview of the proposed transaction and

[1] The Center for Insurance Research filed a written statement with the Division on November 4, 2008, concerning the proposed transaction. This statement is part of the record and we considered it in our review of this proposed transaction.

summarizing the Working Group's conclusions on whether the proposed transaction met the requirements of § 19B and CMR § 144.04. We asked various questions of all those who testified throughout the course of the hearing. All exhibits offered by the Companies, as well as all of the reports and materials that had been made publicly available and accessible for inspection in the public document room are part of this record, including a report dated July 28, 2009 prepared by Deloitte that analyzes certain historical and prospective financial and other information relating to the proposed transaction (the "Merger Review"),.

Analysis of the Proposed Transaction

I must determine whether the proposed transaction satisfies certain statutory requirements pursuant to Section 19B. Those conditions are:

> **(1) the foreign company must be duly authorized to transact in the commonwealth the same class or classes of business as such domestic companies and the newly merged company shall not transact business in the commonwealth until it shall have complied with provisions of law relative to the admission and authorization of foreign companies**

Section 19B requires the newly merged company, JHUSA, a foreign company, to be able to engage in the same insurance business currently written by JHLICO and JHVLICO, the domestic insurers in this state. We find that this statutory requirement is met based on Mr. Dynan's testimony that JHUSA is fully licensed in the Commonwealth to write those lines of business currently written by JHLICO and JHVLICO.

> **(2) no such merger agreement shall be made by any domestic company until a copy thereof, and such other information as the commissioner may require, has been filed with her**

Section 19B requires that a copy of the Merger Agreement and any other information required by the Commissioner be filed with her for her review. Mr. Alves submitted to the Division on June 5, 2009, among other things, a Draft Agreement to Merge and a Draft Merger Agreement. Mr. Dynan testified that JHLICO and JHVLICO have provided the Working Group

with a copy of the definitive draft of the merger agreement. We find that this statutory requirement is met provided this draft does not change materially from the present draft

> **(3) no such merger shall be made unless it is evidenced by a written agreement assented to by a vote of the majority of the board of directors of each domestic company participating in such merger**

Section 19B requires that the board of directors of each domestic company participating in the merger provide written evidence that a majority of the board voted to approve the transaction. Evidence of the vote of the boards of the respective Companies was submitted to the Division. Based on these records and Mr. Dynan's affirmation that such copies were duly filed and in good order, we are satisfied that this requirement is met.

> **(4) if the domestic company is a stock company, the merger must be approved by the votes of the stockholders owning at least two thirds of the capital stock of such company at a special meeting called for the purpose**

Section 19B requires that the stockholders owning at least two-thirds of the capital stock of the domestic companies entering into the merger approve the proposed transaction by voting in favor of such transaction at a special meeting called for the purpose of such vote. Mr. Alves submitted various materials to the Division on June 5, 2009, including the resolutions signed by the sole corporate shareholders of the respective Companies, which confirm that these shareholders approved the proposed transaction at a special meeting held solely for this purpose. Mr. Dynan also testified to these facts. For these reasons, we find that this requirement of § 19B also is met.

> **(5) notice of any special meeting called for the purpose of approving the proposed transaction shall be given in accordance with law and shall also be published at least once a week for three successive weeks in such newspaper or newspapers printed in the commonwealth and in such form as the commissioner shall direct**

Section 19B requires that notice of the special meeting called to approve the proposed transaction be given in accordance with law and also published according to the laws of this state and in such form as I direct. Mr. Dynan testified that notice of the meeting was given and published in accordance with applicable law. We are satisfied that this requirement is met.

(6) no merger agreement shall be made by any domestic company until it has received from the commissioner a written authorization, in such form as she may prescribe, authorizing such company to merge and execute such agreement

The Companies submitted a Draft Merger Agreement and Draft Agreement to Merge for my review. They also submitted additional documentation requested by the Working Group and participated in a hearing before us on August 5, 2009. We find that the Companies have taken the procedural steps necessary to seek approval of the proposed transaction prior to entering into the proposed merger agreement provided the drafts do not change materially from the present drafts.

I also may consider the substantive requirements set forth in CMR § 140.04 in reviewing the proposed transaction. These requirements are:

(1) the fairness of the terms and conditions of the merger agreement

Subsection (1) of CMR § 140.4 requires that the terms and conditions of the merger agreement be fair. Mr. Vrysen testified that the proposed merger has been structured as a tax-free re-organization, which will be consummated in a fair, tax-efficient manner. Mr. Vrysen also explained that the two groups being merged in the proposed transaction, JHUSA and JHLICO (the parent company of JHVLICO), are both ultimately owned and controlled by MFC, a publicly traded Canadian company. Mr. Dynan noted that MFC is financially sound and likely to be committed to maintaining capital adequacy in its U.S. operations.

Mr. Vrysen testified that (1) JHUSA will be the survivor of the merger and will continue to be domiciled in Michigan; (2) there will be no change to the articles, bylaws or board of directors of JHUSA; and (3) JHUSA will continue to be subject to regulation by the Michigan

Office of Financial and Insurance Regulation, an NAIC-accredited body that is experienced with companies of this profile and size.

The Companies will continue to share the same management and board of directors after the merger with the exception of the addition of one Michigan resident to the JHUSA board, which is required under Michigan law. Mr. Vrysen confirmed that management of the merged company is not expected to change. Moreover, and as Mr. Dynan testified, the entities involved in the re-organization are under common ownership so that there is no risk that the transaction would favor one shareholder over another.

Accordingly, we find that the terms and conditions of this proposed merger are fair.

(2) whether the interests of the Policyholders, and Stockholders, if any, of the Domestic Company(ies) are protected

In determining whether the interests of the policyholders and stockholders of the domestic companies are protected, we consider three issues: (1) MFC maintaining a beneficial position with respect to deferred tax liabilities; (2) the movement of "excess capital" from JHLICO and JHVLICO to JHUSA; and (3) the impact on the domestic companies of entering into the proposed transaction.

JHFS and MFC merged in 2004 to create one of the largest insurance companies in the world. Mr. Vrysen testified that the 2004 merger brought together numerous legal entities, which increased the complexity of MFC's operations but decreased its business flexibility. MFC subsequently concluded that the best way to minimize those inefficiencies and achieve its long-term growth goals was to merge the Companies into one company. We inquired at the hearing why John Hancock did not merge the entities in the proposed transaction at the time of the 2004 merger. Mr. Vrysen replied that the size and complexity of the 2004 merger prevented immediate refinement of the corporate structure, and that the initial post-merger focus was on rebranding the companies, simplifying their products and services, and improving their positions in the marketplace.

Mr. Vrysen testified that due to the proposed merger of JHLICO and JHVLICO into JHUSA, which is not licensed to do business in the State of New York, MFC is transferring JHLICO's affected in-force policies, contracts and certificates to affiliated companies that are licensed in New York.[2] These New York-licensed companies are John Hancock Life Insurance Company of New York ("JHNY") and John Hancock Life and Health Insurance Company ("JHLH"). JHNY holds a New York-only license and JHLH is licensed in all 50 states. MFC has recently re-domesticated JHLH from Delaware to Massachusetts.

MFC has obtained approvals from the New York State Insurance Department for the Plan of Operations for both JHNY and JHLH, and the New York State Insurance Department has approved the Withdrawal Plan, which governs the process through which JHLICO will surrender its New York license and [JHUSA] will service the New York blocks of business. Mr. Dynan testified that the financial requirements of the Withdrawal Plan and policy transfers to JHLH and JHNY will not have a material adverse effect on any of the insurance companies involved in the proposed transaction.

Mr. Vrysen testified that the re-alignment was not occasioned in any way by the volatile financial markets or the weakened economy the country has experienced recently. Rather, he stated that the proposed merger is intended to give MFC added capital flexibility to deal with potential future events, as well as diminishing the need to raise external capital because MFC will have more internal capital efficient structure. Thus the principal benefits claimed to result from the transaction will be to improve the efficiency of both MFC's capital structure and tax structure, simplify its financial reporting, improve its liquidity, create a more stable earnings stream, diversify its risk profile and better position MFC for future growth. When I prodded as to the primary reason for the merger, Mr. Vrysen responded that efficient capital management is paramount.

The manner in which this transaction is consummated appears to be vital. This proposed merger is feasible only if undertaken in such a way so as to not create significant tax liabilities.

[2]Mr. Vrysen testified that the policies being transferred to JHNY and JHLH are policies issued by JHLICO in the State of New York. The testimony provided by Mr. Vrysen and Mr. Dynan did not indicate that any of the policies being transferred to JHNY or JHLH were originally issued in New York by JHVLICO.

Deloitte's Merger Review confirms that each of the MFS's groups holds deferred intercompany gains resulting from the 2004 merger. If these gains are triggered, significant taxes will accrue. MFC and the Companies concluded that in order to avoid a triggering of such taxes, the transaction must occur in the exact proposed direction based on an IRS Opinion it received dated October 17, 2008. Indeed, Mr. Vrysen testified that if the insurance companies merged in the opposite direction, the surviving insurer would not be treated as part of the consolidated tax group and the deferred tax liabilities of the surviving insurer and of the insurer merging into it would become immediately taxable to both JHLICO and JHUSA. Mr. Dynan testified that "[w]hile [such taxation] may not threaten the solvency of the combined entity, it would subject it to a needless capital shock." The direction of this merger, therefore, is being driven principally, or at least significantly, by the tax-related issues.

While JHUSA is deemed to be the more valuable entity as of the date of the hearing, given that the transaction, if approved, is not expected to close until year-end 2009, it is essential that the value of the entities be determined as close to year-end as possible so that the determination of which is the more valuable entity is certain. Both the Working Group and the parties recognize the need to determine which entity is more valuable based on data that is as current as possible as of the closing date of the transaction. Failure to do so could result in JHLICO and JHUSA being liable for large deferred tax liabilities that would not otherwise be immediately due.

We also inquired as to any effect upon the transaction if the equity markets were to deteriorate significantly between now and the close of the year. Mr. Vrysen testified that if that were to happen there are mitigating actions, such as injecting additional capital, MFC would do in the normal course, to keep JHUSA as the more valuable entity. Mr. Vrysen confirmed, however, that "[MFC] did a number of stress tests with Deloitte to analyze what the potential impact would be under various equity market scenarios . . . [a]nd determined [that] even with some fairly significant additional equity market shocks . . . the JHUSA group would continue to be the more valuable group absent any corrective actions or additional capital coming down."

I inquired generally about the "excess capital" currently held by JHLICO and JHVLICO. Mr. Vrysen responded that the proposed merger will increase the authorized control level RBC

ratio by 25 points, from 815 percent to 840 percent and the new combined JHUSA will have total assets of $171 billion and available capital of $5.75 billion. He also testified that the current credit ratings of JHLICO and JHVLICO are identical to each other and to the ratings of JHUSA. I asked Mr. Dynan what he made of the fact that JHVLICO seemed to have a much higher RBC ratio than either of the other companies or the combined post merger company. He responded that "JHVLICO is a smaller company than the others and it has a higher RBC [and] . . . while, obviously, the higher the RBC, the better, [the Working Group] does feel that . . . the other companies have a high enough RBC to satisfy all policyholder obligations." Mr. Dynan further testified that the combined entity should have the same rating as its constituent members.

Mr. Vrysen testified that the pro forma balance sheet and income statements of the Companies, as combined entities at year-end 2008 show a strong, well-capitalized combined company. Mr. Dynan noted that the surviving entity will be adequately capitalized and should be able to meet the policy obligations related to pre-merger JHLICO, JHVLICO and JHUSA policyholders, even in light of recent market turmoil.

Mr. Vrysen identified five areas related to capital management where the merger would create a stronger, more efficient corporate entity. First, Mr. Vrysen pointed to the diversification of risks that the proposed merger would foster. He testified that although JHLICO and JHVLICO are both well capitalized, they have somewhat different risk profiles. Additionally, the complexity of MFC's current legal structure precludes it from getting the benefit of greater diversification of product and asset risk that would occur in a combined company. JHUSA has more exposure to equity markets due to its variable annuity, variable life and group pension products, while JHLICO has more on-balance-sheet investment risk and risks related to mortality and morbidity due to its life insurance, long-term care insurance and fixed annuity business. As Mr. Vrysen noted, the proposed combination will allow MFC to both consolidate existing capital and have a more diversified risk profile.

Second, Mr. Vrysen testified that combining the Companies into one company will result in a larger company with a much more complementary set of factors contributing to its earnings base, supporting a more consistent revenue and earning stream. Third, he stated that the present structure limits MFC's ability to easily and cost effectively move capital between the two

groups. Currently, MFC moves capital between its companies by receiving a dividend upstream from JHLICO and then making a capital contribution downstream to JHUSA. This subjects MFC, a Canadian corporation, to withholding taxes. JHLICO has come to the Division annually and requested approval for such upstream dividend payments in the amounts of $1.5 to $2 billion. These dividends were then redeployed as capital in other companies. Mr. Vrysen emphasized that this process is very inefficient and results in unnecessary tax payments.

I inquired as to the extent of what Mr. Vrysen referred to as the "excess capital" in these companies to ensure that policyholders remain protected. He testified that both JHLICO and JHUSA maintain very high capital levels in anticipation of future growth, and he anticipated that the JHUSA group will need injections of more capital going forward. Since MFC is not writing as much new business out of the JHLICO group, its need for capital will be less. Mr. Vrysen testified that after the 2004 merger, JHUSA's 401(k) and variable annuity business has experienced significant growth and JHUSA's universal life products, chosen as the preferable platform to offer, have been very successful. Mr. Vrysen noted that "[w]ith the surplus strain associated with writing increasing volumes of business in JHUSA, [MFC] find[s] [itself] having one company, JHUSA, which requires new capital, while the other company, JHLICO, with more mature business and substantially lower new business growth, ha[s] excess capital[,] . . . "result[ing] in [MFC] constantly needing to shift capital from one group to the other, which . . . is inefficient." We note that MFC no longer will need regulatory approval to pay dividends upstream and redeploy that capital where it is required because the capital will reside in one company if this proposed merger is approved. We are not troubled by this change, however, because it appears that the combined company will be well capitalized.

I asked how MFC was ensuring that policyholders in the Massachusetts-domiciled companies, the companies with the "excess capital," will be protected given that MFC will be using this capital to support JHUSA, which has a higher risk profile because of its exposure to the equity markets. Mr. Vrysen responded that the key benefit to the Massachusetts companies and their shareholders is the inclusion in a more diversified company, which is likely to be a more stable company.

It is undeniable that the capital flow will likely benefit JHUSA. It also may decrease the total capital reserves of JHLICO and JHVLICO. We are, nonetheless, mindful of the Working Group's sentiments that "[m]anagement has asserted that economic and operational efficiencies [will] produce what they have described as a stronger, more streamlined company, positioned for growth." We conclude based on these assertions that while there may be some outflow of capital from the Massachusetts-domiciled companies, this is unlikely to disadvantage the policyholders of those companies for two reasons. First, those companies will remain well capitalized at levels not materially below current levels. Second, policyholders of those companies do benefit from the risk diversification produced by the re-organization, as well as the improved operational efficiencies that may be gained from the larger, more integrated enterprise produced through the re-organization. Policyholders of the domestic companies, on balance, are unlikely to be adversely affected by the transaction.

Finally, Mr. Vrysen noted that operating JHUSA and JHLICO as separate companies results in certain non-admitted assets (such as deferred taxes and goodwill), which would not exist or would be reduced if the companies were combined into one company. He explained that the combination would reduce the amount of non-admitted assets, which will result in an increase in the capital and surplus of the combined company. Mr. Dynan testified that the insurance-buying public would be protected by the substantial financial strength of the combined entities as well as through regulation of the combined entity by the Michigan Office of Financial and Insurance Regulation, which has provisions for the protection of policyholders and the public that are similar to the statutes and regulations in Massachusetts.

I additionally focused on the type of notice that MFC intends to give to its policyholders regarding the proposed transaction. Mr. Vrysen testified that MFC has made substantial efforts to ensure that the proposed merger is communicated to all stakeholders in a clear and appropriate manner, with minimal risk of misinterpretation by the affected groups and individuals.

Accordingly, we find that the interests of the policy and stockholders are adequately protected in this proposed transaction.

(3) whether the proposed merger or consolidation is in the public interest

John Hancock has been an excellent corporate citizen with an exemplary record of giving in the city of Boston and the Commonwealth of Massachusetts. It has not only met, but exceeded the promises it made at the time of its 2004 merger. I inquired how that record of giving will be affected by the proposed transaction. Mr. Vrysen testified that John Hancock's record of supporting Boston is directly related to the financial soundness of the company. Similarly, Mrs. Fulp testified that John Hancock's continuing contributions, as a company and as individuals, depends on the financial strength of John Hancock, and she noted that John Hancock will be financially strengthened by combining the Companies into one company.

Mrs. Fulp indicated that in 2009 John Hancock will provide more than $10.6 million to support Boston area community programs, compared to $10 million in 2005 and $5 million at the time of the 2004 merger. John Hancock's giving program consists of three components: ongoing support, discretionary giving and the Boston Marathon Fundraising Program.

Mrs. Fulp testified that, as part of its ongoing support, John Hancock gave $5.1 million in annual support to numerous nonprofit organizations, such as a special gift to Boston University in support of their Student Village Fund. Further, as part of the Boston Marathon Fundraising Program, John Hancock was the Marathon's presenting sponsor. That event brings nearly $100 million in economic activity to the Boston area every year. Mrs. Fulp also noted that John Hancock has one of the largest employee-volunteer programs in Boston, with employees projected to contribute more than 10,000 volunteer hours this year, and its executives play active roles on many local boards, including the American Red Cross, Boston Harbor Association, Boston Municipal Research Bureau, Boston Public Library, Children's Hospital of Boston, Boys and Girls Clubs of Boston, and Institute of Contemporary Art. She stated that the company additionally provides financial support for more than 200 nonprofit organizations. Mrs. Fulp testified that "John Hancock's commitment to the Boston community also includes providing summer jobs for teens through a partnership with Mayor Menino, the Boston Globe and new co-sponsors, Boston University and Partners Health Care, . . . [through which] John Hancock provides more than $1 million in funds and in-kind services to employ and train nearly 700 teen

jobs at John Hancock, the Boston Globe and 80 Boston nonprofits." This rich program is called the Martin Luther King Summer Scholars Program.

Because any diminution in John Hancock's presence in or commitment to the Commonwealth would present serious concern, I asked whether John Hancock intends to continue its civic commitment to Massachusetts at the same level that it has been. Mrs. Fulp responded that John Hancock's giving from the 2009 to 2010 budget will remain the same. She also stated that John Hancock intends to expand its partnership with the City of Boston to employ young people to ensure that teens have productive summer and school activities.

Mrs. Fulp testified that John Hancock will continue to remain headquartered in Boston and confirmed that John Hancock owns virtually all of its Boston properties, which total approximately 1.3 million square feet. She further testified that John Hancock also employs in Massachusetts today about the same number it did at the time of the 2004 merger with MFC, and that is not expected to change as a result of the realignment.

I asked Mrs. Fulp about the expected impact of the proposed merger on employees. She replied that the employee population is expected to remain unchanged. Mr. Vrysen also testified that the proposed merger ". . . will have no adverse effects on any customer, employee or producer." Mr. Vrysen also testified that the proposed merger ". . . will not trigger movement of any physical assets, layoffs, or change in [MFC's] commitments to any customer or community." We then inquired whether there might be layoffs of the population in Massachusetts in the near future unrelated to the transaction and Mr. Vrysen replied that he was not aware of any such plans. We conclude that John Hancock intends to maintain, if not exceed, its current level of giving and involvement in the community of Boston and the Commonwealth of Massachusetts after this transaction is consummated based on its testimony and upon John Hancock's prior civic performance. We note that John Hancock could not provide any definite figures or specific commitments beyond 2010 but appreciate that such giving also is dependent upon the financial health of the company. We find, accordingly, that there is no reason to believe that this proposed transaction would not be in the public interest.

Conclusion

Given that the transaction is not scheduled to close until the end of 2009, the parties to the proposed transaction shall provide information to the Division's Working Group as to the progress of the transaction until the date on which such transaction is consummated. If there is any material change to any item submitted to the Division as it relates to the approval of this proposed transaction or matters testified to during the hearings, the parties shall promptly submit additional information to the Working Group so that the docket may be reopened and such information presented for our review. The docket may be reopened through the date of the consummation of the proposed transaction upon the request of the Working Group for any reason, or at my initiation.

We find and conclude for all of the reasons set forth herein that the proposed merger of JHLICO and JHVLICO with and into JHUSA complies with the requirements of § 19B of Chapter 175 of the Massachusetts General Laws and § 140.4 of Chapter 211 of the Code of Massachusetts Regulations. I authorize the proposed transaction subject to the conditions provided in the paragraph above.

SO ORDERED.

DATE: August 27, 2009

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Nonnie S. Burnes
Commissioner of Insurance

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Elisabeth A. Ditomassi, Esq.
Presiding Officer