



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE

REPORT OF EXAMINATION OF THE
JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Boston, Massachusetts

As of December 31, 2019

NAIC GROUP CODE: 904

NAIC COMPANY CODE: 93610

EMPLOYER ID NUMBER: 13-3072894

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

TABLE OF CONTENTS	<u>PAGE</u>
Salutation	1
Scope of Examination	2
Summary of Significant Findings of Fact	3
Company History	3
General	3
Dividends	4
Management and Control	4
Articles of Incorporation and Bylaws	4
Board of Directors Minutes	4
Board of Directors	4
Officers	5
Affiliated Companies	5
Organizational Chart	5
Transactions and Agreements with Subsidiaries and Affiliates	6
Territory and Plan of Operations	7
Treatment of Policyholders – Market Conduct	7
Reinsurance	8
Ceded Reinsurance	8
Assumed Reinsurance	8
Financial Statements	10
Statement of Assets, Liabilities, Surplus and Other Funds	10
Statement of Operations	12
Reconciliation of Capital and Surplus	13
Analysis of Changes in Financial Statements Resulting from the Examination	14
Comments on Financial Statements	14
Separate Accounts	14
Subsequent Events	15
Summary of Recommendations	15
Signature Page	16



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE
1000 Washington Street, Suite 810 • Boston, MA 02118-6200
(617) 521-7794 • <http://www.mass.gov/doi>

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

MIKE KENNEALY
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

EDWARD A. PALLESCHI
UNDERSECRETARY OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

GARY D. ANDERSON
COMMISSIONER OF INSURANCE

April 14, 2021

Honorable Gary D. Anderson
Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

Honorable Commissioner:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 4 an examination has been made of the financial condition and affairs of the

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

The Company's Home Office is located at 197 Clarendon Street, Boston, Massachusetts 02116-5010. Due to the COVID-19 pandemic, the examination was conducted remotely. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

The John Hancock Life and Health Insurance Company (“JHLH” or “the Company”) was last examined as of December 31, 2014 by the Massachusetts Division of Insurance (“Division”). This examination covered the five-year period from January 1, 2015 through December 31, 2019, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. The Division participated in the group coordinated examination of John Hancock Life Insurance Company USA (“JHUSA”) conducted by Michigan as the lead state, and also covering the five-year period from January 1, 2015 through December 31, 2019.

The examination was conducted in accordance with standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) Financial Condition (E) Committee and prescribed by the current NAIC *Financial Condition Examiners Handbook*, the examination standards of the Division and with Massachusetts General Laws. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact, as mentioned in the Massachusetts General Laws, Chapter 175, Section 4, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

The Company is audited annually by Ernst & Young LLP (“E&Y”), an independent certified public accounting firm. The firm expressed unqualified opinions on the Company’s statutory financial statements for the calendar years 2015 through 2019. A review and use of the Certified Public Accountants’ work papers was made to the extent deemed appropriate and effective.

This examination was conducted as part of a coordinated group financial examination in compliance with the *Coordination of Holding Company Group Exams* framework of the Handbook. The Michigan Department of Insurance and Financial Services (“Michigan Department”) acted as the lead state, and the Division, acting as a participating state, coordinated with the Michigan Department. The following participating State also coordinated with the Michigan Department and the Division to conduct the examination of members of the John Hancock Group: New York Department of Financial Surveillance.

Representatives from the firm of Examination Resources LLC were retained by the Division to assist in the examination by performing certain examination procedures at the direction and under

the overall management of the Division's examination staff. The assistance included a review of accounting records, information systems, investments and actuarially determined loss and loss adjustment expense reserves.

The Michigan Department retained Winthrop Capital Management to perform a review of the Company's derivatives portfolio, transactions and controls and also retained the actuarial firm of Hause Monnin Consulting, Inc. to review actuarially determined policy reserves, as well as other significant actuarial estimates.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There were no significant findings as a result of our examination.

COMPANY HISTORY

General

The Company was incorporated on May 27, 1981 under the laws of the State of Delaware as the MONY Pension Insurance Company. It commenced business on October 26, 1981. On December 4, 1987 the Company amended its Certificate of Incorporation changing its name to Colonial Penn Annuity and Life Insurance Company.

On December 30, 1987, the Company was acquired by the Colonial Penn Life Insurance Company, a Pennsylvania corporation and a wholly owned subsidiary of the Colonial Penn Group Inc, and in turn a wholly owned subsidiary of FPL Group Inc., a Florida corporation. On August 16, 1991, FPL Group Inc. sold Colonial Penn Group Inc. and its subsidiaries to Charter National Life Insurance Company, a subsidiary of the Leucadia National Corporation.

On June 23 1993, John Hancock Variable Life Insurance Company ("JHVLICO"), a Massachusetts corporation and a wholly owned subsidiary of John Hancock Life Insurance Company ("JHLICO"), also a Massachusetts corporation, acquired the Company from Colonial Penn Life Insurance Company. On July 7, 1993, the Company's name was changed to John Hancock Life Insurance Company of America. The Company's name was again changed on January 20, 1998 to Investors Partner Life Company. On March 5, 1998, the Company filed a correction to its amendment to the Certificate of Incorporation changing its name to the Investor Partner Life Insurance Company.

On April 28, 2004, John Hancock Financial Services Inc., the parent of JHLICO, merged with and into the Manulife Financial Corporation. Effective August 10, 2004, the Company changed its name to Manulife Insurance Company ("MIC"). Effective April 4, 2008 the Company's name was changed to John Hancock Life and Health Insurance Company.

Effective January 1, 2009 the Company was re-domesticated from the State of Delaware to the Commonwealth of Massachusetts. On December 31, 2009 the Company's parent, JHVLICO, merged with John Hancock Life Insurance Company USA ("JHUSA") and ownership of the Company was transferred from JHVLICO to JHUSA.

John Hancock Life and Health Insurance Company

In 2017, following receipt of regulatory approval, JHLH executed a Plan and Agreement of Merger with John Hancock Insurance Company of Vermont (“JHVT”), also a wholly-owned subsidiary of JHUSA. Effective as of October 1, 2017, JHVT merged with and into JHLH. Prior to the JHLH/JHVT merger, JHUSA issued one common share to its parent MIC in exchange for 100% ownership of JHVT and became the common parent of both JHLH and JHVT. As a result of the merger, JHVT ceased to exist and its property and obligations became the property and obligations of JHLH.

Dividends

In 2015, the Company’s Board of Directors paid a dividend to the shareholder of \$70,000,000. There were no additional dividends declared or paid during the examination period.

MANAGEMENT AND CONTROL

Articles of Incorporation and Bylaws

The articles of incorporation and bylaws of the Company were reviewed. The annual meeting of the shareholder was held each year in compliance with the bylaws at which time directors were elected to serve a term of one year or until their successors are elected and qualified. A quorum was noted at each meeting.

Board of Directors Minutes

The minutes of meetings of the Board of Directors for the period under examination were reviewed and indicated that meetings were generally held in accordance with the Company’s bylaws and the Laws of the Commonwealth of Massachusetts. Activities of board committees were properly ratified at meetings of the Board of Directors.

Board of Directors

At each annual shareholder meeting, the shareholder chose by ballot not fewer than seven directors to hold office until the next annual meeting. Vacancies were filled by the majority vote of the remaining directors or by the shareholder. The Board of Directors met quarterly with a majority of the Board of Directors present to constitute a quorum for the transaction of business.

Directors of the Company at December 31, 2019 were as follows:

<u>Name of Director</u>	<u>Business Affiliation</u>
Paul M. Connolly	Retired, Chief Operating Officer, Federal Reserve Bank of Boston
James D. Gallagher	Executive Vice President, General Counsel, Manulife
Marianne Harrison	President & CEO, John Hancock
J. Stephanie Nam	Retired, Partner, Skadden, Arps, Slate, Meagher & Flom LLP

John Hancock Life and Health Insurance Company

<u>Name of Director</u>	<u>Business Affiliation</u>
Ken Ross	Vice President & Counsel, Government Relations, John Hancock
Rex E. Schlaybaugh, Jr.	Retired, Attorney, Dykema Gossett PLLC
Brooks Tingle	President and CEO, John Hancock Insurance
John G. Vrysen	Retired, President and CEO, Vrysen Consulting
Linda Davis Watters	Retired, Vice President Government Relations, John Hancock and former Michigan Director of Insurance
Henry Wong	Vice President & Senior Managing Director, Head of US Portfolio Management and Trading, John Hancock

Officers

Officers of the Company at December 31, 2019 were as follows:

<u>Name of Officer</u>	<u>Title</u>
Marianne Harrison	President & CEO
Tracy Kane Lannigan	Secretary
Simonetta Vendittelli	Vice President & Controller

Affiliated Companies

As stated in the Insurance Holding Company System Form B as filed with the Division, the Company is a member of a holding company system known as “Manulife Financial Corporation” and is subject to the registration requirements of Massachusetts General Laws, Chapter 175, Section 206C and 211 CMR 7.00. The “ultimate controlling person” of the group is Manulife Financial Corporation.

Organizational Chart

At December 31, 2019, the Company is a member of the following organizational chart:

Manulife Financial Corporation

 The Manufacturers Life Insurance Company

 Manulife Holdings (Alberta) Limited

 John Hancock Financial Corporation

 The Manufacturers Investment Corporation

 John Hancock Insurance Agency, Inc.

 John Hancock Life Insurance Company (U.S.A)

 John Hancock Distributors LLC

 John Hancock Variable Trust Advisers LLC

 John Hancock Life Insurance Company of New York

 Manulife (Michigan) Reassurance Company

Organizational Chart (Continued)

John Hancock Life & Health Insurance Company
Long Term Care Partners LLC
John Hancock Subsidiaries LLC

Transactions and Agreements with Subsidiaries and Affiliates

Administrative Service Agreement

The Company and JHUSA maintain an Administrative Service Agreement (“Agreement”) under which JHUSA provides certain administrative functions with respect to the operations of the Company. Where necessary, JHUSA may arrange to furnish the required services through one of more of its affiliates. Charges under the Agreement reflect the actual cost thereof.

Federal Long Term Care Insurance Program (“FLTCIP”) Administration

Long Term Care Partners (“LTC Partners”) is a wholly owned subsidiary of the Company. LTC Partners is responsible for all administrative functions of the FLTCIP including marketing and enrollment programs, underwriting, policy issuance, premium billing and collection, and claims administration. During the examination period, LTC Partners paid the following dividends to the Company:

2015	\$25,000,000
2017	\$14,000,000
2019	\$9,000,000

Liquidity Pool and Loan Facility Agreement

The Liquidity Pool is managed by JHUSA and is a vehicle for designated affiliates to invest their excess cash up to an aggregate of \$5 billion in U.S. currency and in an amount not to exceed 10% of the Company’s admitted assets as shown in the most recent statutory financial statement filed with the Division. Interest payable on U.S. dollar deposits is reset daily to the one-month U.S. Dollar London Interbank Bid Rate.

Investment Management Agreement

The Company and JHUSA maintain an Investment Management Agreement under which JHUSA provides certain investment management services for the Company in its investment operations.

Financial Support Agreement

The Company maintains a Financial Support Agreement whereby JHUSA has guaranteed that JHLH will be capitalized such that its Risk Based Capital (“RBC”) ratio according to the NAIC formula is at or above 225% annually. In addition JHUSA or one of its affiliates will cause JHLH to have cash on hand for timely payment of the Company’s contractual obligations.

Farmland Investment Advisory and Management Agreement

Effective October 1, 2009, the Company entered into a Farmland Investment Advisory and Management Agreement with Hancock Natural Resource Group, Inc. for the purpose of providing the Company with investment management and advisory services with respect to investments in commercial farmland.

Tax Sharing Agreement

Pursuant to an amended and restated tax sharing agreement effective January 1, 2010, the Company is included in the consolidated federal income tax return of John Hancock Financial Corporation along with other affiliates. The Company's income tax expense (or benefit) is computed as if the Company filed separate federal income tax returns with tax benefits provided for operating losses and tax credits when utilized by the consolidated group. Intercompany settlements occur on a periodic basis in accordance with the tax sharing agreement.

TERRITORY AND PLAN OF OPERATIONS

The Company is licensed to transact business in all fifty (50) states, the District of Columbia and Puerto Rico. The Company's primary business is group and individual long-term care ("LTC") insurance. In June 2010 the Company ceased writing new group business, with the exception of Federal Long Term Care Insurance Program ("FLTCIP") or (the "Program"). In December 2016, the Company discontinued new sales of the stand-alone retail individual long-term care insurance product, but continues to service its existing customers.

The Company administers the FLTCIP for the U.S. Office of Personnel Management ("OPM"). The contract with OPM has a seven-year term with an option to renew for successive seven-year renewal periods. The current contract is effective from May 1, 2016 to April 30, 2023. The Program operates on a fiscal year basis beginning October 1 of each year. FLTCIP provides Federal and United States Postal Service employees and annuitants, current and retired members of the uniformed services, and their qualified relatives the opportunity to apply for long-term care insurance. The total eligible group includes approximately 20 million Americans. All policies, related assets and liabilities for the FLTCIP are held in the Company's Separate Account.

The Company's life business consists primarily of single premium whole life insurance including COLI policies assumed from JHVLICO. The Company does not write any new life insurance business.

Treatment of Policyholders-Market Conduct

The Division's Market Conduct Department conducted a market conduct examination of the Company for the period January 1, 2014 to December 31, 2014 with the report issued on December 15, 2015.

During the course of the examination, a general review was made of the manner in which the Company conducts its business practices and fulfills its contractual obligations to policyholders and claimants. This review was limited in nature and was substantially narrower than a full scope market conduct examination.

During the claims test work, it was noted that the Company investigates and settles claims on a timely and fair basis.

REINSURANCE

JHLH has entered into assumed and ceded reinsurance agreements, primarily with affiliates. The majority of key reinsurance agreements are the result of JHLH's parent reorganization which resulted in the merger of JHLICO and JHVLICO with and into JHUSA in 2009. Below are summaries of the key reinsurance agreements in effect as of the examination date.

Ceded Reinsurance

The Company maintains a coinsurance arrangement with John Hancock Reassurance Company, LTD a Michigan captive insurance company ("JHRECO"). The Company cedes 50% of all liabilities for group long term care policies sold before 2008 and 50% of all liabilities for all individual policies originally issued in 1997 through December 31, 2007.

Effective December 30, 2016, the Company retroceded on a coinsurance basis to JHUSA 100% of the Company's liabilities assumed from Charter National Life Insurance as of June 23, 1993.

Assumed Reinsurance

On October 1, 2009, pursuant to an assumption reinsurance agreement, approximately \$1.4 billion of reserves related to individual and group LTC policies sold to policyholders who reside in the State of New York (including assets supporting the business) were transferred from JHUSA to the Company.

Effective December 18, 2009, the Company accepted from JHLICO through novation, the assumed reinsurance contracts with AIG National Insurance Company, Clarendon National Insurance Company, Continental Casualty Company, Federal Insurance Company, Frontier Insurance Company, North American Specialty Insurance Company, Republic Western Insurance Company and Safety National Casualty Corporation. These contracts represent a closed block of specialty reinsurance covering a broad range of accident risks including death, disability, and/or medical benefits arising from one Managing General Underwriter, James E. Hackett Reinsurance ("JEH Re"). Reinsurance contracts were accepted from 1991 through the end of 1998, and were a mixture of excess of loss, aggregate, and quota share agreements. The majority of the business remaining is either Personal Accident London Market Excess ("LMX") business or Workers Compensation Carve Out business. Through commutations and settlement activity, the reserve exposure of the block has been reduced significantly since 2007. All new business was discontinued on December 31, 1998. JHLH retrocedes 100% of this business to JHUSA.

Effective June 23, 1993, the Company assumed single premium universal life policies from Charter National Life Insurance under a 100% coinsurance agreement. As noted above under Ceded Reinsurance, the Company retroceded 100% of its liabilities under these policies to JHUSA on a coinsurance basis as of December 30, 2016.

Effective January 1, 2010, the Company entered into an agreement with JHUSA to assume under a 100% coinsurance basis certain blocks of discontinued business. The majority of this business is

John Hancock Life and Health Insurance Company

made up of Director Response and Group Creditor policies. The Company subsequently retroceded 100% of its liabilities under these policies to external reinsurers.

FINANCIAL STATEMENTS

The following financial exhibits are based on the statutory financial statements prepared by management and filed by the Company with the Division and present the financial condition of the Company for the period ending December 31, 2019. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2019

Assets	<u>Per Annual Statement</u>
Bonds	\$ 3,514,120,996
Stocks:	
Preferred stocks	6,783,119
Common stocks	99,441,038
Mortgage loans on real estate	399,262,970
Real estate:	
Properties held for the production of income	150,416,949
Cash, cash equivalents and short-term investments	11,068,359
Contract loans	447,787
Derivatives	468,872,317
Other invested assets	747,648,537
Receivables for securities	346,456
Aggregate write-ins for invested assets	<u>10,283,191</u>
Subtotal, cash and invested assets	5,408,691,719
Investment income due and accrued	55,248,855
Premiums and considerations:	
Uncollected premiums and agents' balances	29,800,385
Reinsurance:	
Other amounts receivable under reinsurance contracts	4,316,276
Guaranty funds receivable or on deposit	1,248,115
Receivables from parent, subsidiaries and affiliates	263,369,085
Aggregate write-ins for other than invested assets	<u>729,902</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>5,763,404,337</u>
From Separate Accounts, Segregated Accounts and and Protected Cell Accounts	<u>10,304,629,733</u>
Total Net Admitted Assets	<u><u>\$ 16,068,034,070</u></u>

John Hancock Life and Health Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds (Continued)
as of December 31, 2019

Liabilities	Per Annual Statement
Aggregate reserve for life contracts	\$ 595,456,934
Aggregate reserve for accident and health contracts	2,046,625,337
Liability for deposit-type contracts	21,785,995
Contract claims:	
Life	3,239,384
Accident and health	36,243,601
Premiums and annuity considerations received in advance	13,353,094
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	5,281,362
Interest Maintenance Reserve	104,781,357
Commissions to agents due or accrued	9,482
General expenses due or accrued	733,084
Transfers to Separate Accounts due or accrued	(37,372,234)
Taxes, licenses and fees due or accrued, excluding federal income taxes	(1,749,732)
Current federal and foreign income taxes	29,127,291
Net deferred tax liability	62,601,323
Amounts withheld or retained by company as agent or trustee	3,203
Remittances and items not allocated	8,146,665
Miscellaneous liabilities:	
Asset valuation reserve	184,723,333
Payable to parent, subsidiaries and affiliates	31,211,224
Funds held under coinsurance	1,198,238,905
Derivatives	185,644,218
Payable for securities	157,001,202
Aggregate write-ins for liabilities	9,480,646
Total Liabilities excluding Separate Account business	4,654,565,674
From Separate Accounts Statement	10,304,629,733
Total liabilities	14,959,195,407
Common capital stock	10,955,800
Gross paid-in and contributed surplus	623,139,692
Unassigned funds (surplus)	474,743,171
Surplus	1,097,882,863
Total capital and surplus	1,108,838,663
Total	\$ 16,068,034,070

John Hancock Life and Health Insurance Company

Statement of Operations for the Year Ended December 31, 2019

	Per Annual Statement
Premium and annuity considerations	\$ 682,109,513
Net investment income	234,409,236
Amortization of interest maintenance reserve	4,105,723
Commissions and expense allowances on reinsurance ceded	9,698,788
Miscellaneous income from fees associated with investment management, administration and contract guarantees from Separate Accounts	21,719,847
Aggregate write-ins for miscellaneous income	30,902,117
Total	982,945,224
Death benefits	3,934,731
Disability benefits and benefits under A&H policies	149,602,806
Surrender benefits and withdrawals for life contracts	39,858,486
Interest and adjustments on contract or deposit-type contract funds	374,473
Increase in aggregate reserves for life and accident and health policies and contracts	89,916,663
Total	283,687,159
Commissions on premiums, annuity considerations and deposit-type contract funds	5,846,901
Commissions and expense allowances on reinsurance assumed	(722,184)
General insurance expenses	14,751,650
Insurance taxes, licenses and fees, excl. federal income taxes	3,410,310
Increase in loading on deferred and uncollected premiums	89,766
Net transfers to/(from) Separate Accounts net of reinsurance	494,224,492
Aggregate write-ins for deductions	80,145,780
Total	881,433,874
Net gain from operations before dividends to policyholders and federal income taxes	101,511,350
Dividends to policyholders and refunds to members	19,034
Net gain from operations after dividends to policyholders and before federal income taxes	101,492,316
Federal income taxes incurred (excluding tax on capital gains)	(8,319,371)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains/(losses)	109,811,687
Net realized capital gains or (losses)	(18,153,615)
Net Income	\$ 91,658,072

John Hancock Life and Health Insurance Company

Reconciliation of Capital and Surplus
for the Five-Year Period Ended December 31, 2019
(in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Capital and surplus, Dec 31, prior year	\$ 992,792	\$ 891,920	\$ 723,557	\$ 704,628	\$ 745,756
Net income	91,658	144,748	104,561	101,581	40,287
Change in net unrealized capital gains/(losses)	66,069	(56,037)	104,599	46,407	8,516
Change in net unrealized foreign exchange capital gain (loss)	0	0	5	(6)	(2)
Change in net deferred income tax	(2,772)	2,260	(11,029)	(52,529)	677
Change in nonadmitted assets	5,939	(8,657)	597	(87)	(529)
Change in asset valuation reserve	(29,974)	21,164	(51,317)	(39,666)	(7,676)
Surplus adjustment:					
Paid in			22,518		
Change in surplus as a result of reinsurance	(1,352)	(1,613)	(1,526)	(1,443)	(1,365)
Dividends to stockholders					(70,000)
Aggregate write-ins for gains/(losses) in surplus	(13,521)	(993)	(46)	(35,329)	(11,036)
Net change in capital and surplus for the year	<u>116,046</u>	<u>100,872</u>	<u>168,363</u>	<u>18,929</u>	<u>(41,128)</u>
Capital and surplus, Dec 31, current year	<u>\$ 1,108,839</u>	<u>\$ 992,792</u>	<u>\$ 891,920</u>	<u>\$ 723,557</u>	<u>\$ 704,628</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes in the financial statements resulting from the examination.

COMMENTS ON FINANCIAL STATEMENTS

As a result of the examination, no issues with non-compliance, adverse findings, or material changes to the financial statements were identified.

Independent actuaries from Hause Monnin Consulting Inc. were retained by the lead state to perform a review of actuarially determined reserves and liabilities as of December 31, 2019. Included in the Statement of Work for this engagement were all applicable accounts of JHLH. Given the risk-focused examination approach of the overall examination, the scope of the work involved the identification and assessment of the risks related to the actuarially determined reserves and liabilities. This risk-focused analysis as of December 31, 2019, confirmed that the Company's internal controls generally mitigated the identified risks. Where residual risk was present after having considered the internal controls, additional procedures that would have been performed by Hause Monnin Consulting Inc. were deemed to be redundant to procedures already performed by Ernst & Young during the course of Ernst & Young's external audit of JHLH as of December 31, 2019. In such instances, Hause Monnin Consulting Inc. reviewed Ernst & Young work and supporting documentation summarizing such procedures.

The Company's actuarially determined reserves and liabilities include provisions for unearned premiums; future claims in excess of future premium (i.e. life insurance policy reserves and health insurance contract reserves); future payment on claims that have been incurred, whether reported or not reported as of December 31, 2019 (i.e. claim reserves); and additional reserves established due to asset adequacy analysis. The \$2.703 billion in the recorded general account reserves and liabilities are based on morbidity, mortality, and interest rate assumptions, where applicable, that produce reserves at least as great as those required by Chapter 175 of the Massachusetts General Laws. The \$10.240 billion in reserves held in Exhibit 3 of the Company's Separate Account Annual Statement as of December 31, 2019, for the FLTCIP was not reviewed. Hause Monnin Consulting Inc.'s procedures were limited to a validation of the Company's assertion that it performs administrative services only for the FLTCIP and therefore bears no insurance risk.

Hause Monnin Consulting Inc. reviewed documentation related to asset adequacy analysis that confirmed that the actuarially determined reserves and liabilities are adequate as of December 31, 2019, in light of the assets held by the Company with respect to the reserves and liabilities.

SEPARATE ACCOUNTS

History

Sections 132F and 132G, Chapter 175 of the Massachusetts General Laws (and amendments thereto) provide for the establishment of a Separate Investment Account by a life insurance company. The Separate Investment Accounts are not part of the Company's General Account. Net income, realized capital gains or losses, and unrealized appreciation or depreciation of the Separate Accounts are credited directly to policyholders who participate in the Separate Accounts, without

John Hancock Life and Health Insurance Company

regard to any other income, realized capital gains or losses, or unrealized appreciation or depreciation of the Company.

Separate Accounts

The Company's Separate Accounts relate to long-term care products of the Federal Long Term Care Insurance Program, a group annuity product called the Stable Value Fund and a product for funding retiree medical obligations known as Trust Owned Health Insurance. The asset balances by product in the Company's Separate Account as of December 31, 2019 is as follows:

<u>Product</u>	<u>Balance as of December 31, 2019</u>
Federal Long Term Care Insurance Program	\$ 8,315,485,379
Stable Value Fund	1,493,059,464
Trust Owned Health Insurance	<u>496,084,890</u>
Total Separate Accounts	<u>\$ 10,304,629,733</u>

SUBSEQUENT EVENTS

There were no significant subsequent events requiring disclosure in this examination report.

SUMMARY OF RECOMMENDATIONS

There are no recommendations being made as part of this examination report.

SIGNATURE PAGE

Acknowledgment is made of the cooperation and courtesies extended by the officers and employees of the Company during the course of the examination.

The assistance rendered by representatives of Examination Resources LLC, Hause Monnin Consulting, Inc., and Winthrop Capital Management who participated in this examination is hereby acknowledged.

John M Curran

John M. Curran, CFE
Supervising Examiner
and Examiner-in-Charge
Commonwealth of Massachusetts
Division of Insurance