



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

Division of Insurance

Report on the Statutory Examination of
John Hancock Life and Health Insurance Company
Boston, Massachusetts

As of December 31, 2009

NAIC GROUP CODE: 904

NAIC COMPANY CODE: 93610

EMPLOYERS ID NUMBER: 13-3072894



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>

DEVAL L. PATRICK
GOVERNOR

TIMOTHY R. MURRAY
LIEUTENANT GOVERNOR

GREGORY BIALECKI
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

BARBARA ANTHONY
UNDERSECRETARY OF CONSUMER
AFFAIRS AND BUSINESS REGULATION

JOSEPH G. MURPHY
COMMISSIONER OF INSURANCE

June 22, 2011

The Honorable Joseph Torti III, Chairman
Financial Condition (E) Committee, NAIC
Superintendent
State of Rhode Island
Department of Business Regulation
Division of Insurance
1511 Pontiac Avenue, Building 69-2
Cranston, Rhode Island 02920

The Honorable Sharon P. Clark
Secretary, Southeastern Zone, NAIC
Commissioner
Kentucky Department of Insurance
215 West Main Street
Frankfort, Kentucky 40601

The Honorable Monica J. Ligon
Secretary, Western Zone, NAIC
Commissioner of Securities and Insurance
Montana Office of Securities and Insurance
840 Helena Avenue
Helena, Montana 59601

Honorable Commissioners and Superintendents:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 14, an examination has been made of the financial condition and affairs as of December 31, 2009, of

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

having its home office at 197 Clarendon Street, Boston, Massachusetts. The following report thereon is respectfully submitted.

Table of Contents

SALUTATION	1
SCOPE OF EXAMINATION	2
HISTORY	2
General	2
Common Capital Stock	3
Gross Paid-in and Contributed Surplus	3
Dividends to Stockholder	3
Growth of Company	4
MANAGEMENT, CONTROL AND CORPORATE GOVERNANCE	5
Stockholder	5
Board of Directors	5
Committee of Finance	6
Audit Committee	6
Officers	7
Conflict of Interest	8
Articles of Incorporation and By-Laws	8
Management Continuity and National Emergency	9
AFFILIATED COMPANIES	9
Organizational Chart	9
Transactions and Agreements with Affiliates	9
Service Agreement	9
Liquidity Pool and Loan Facility Agreement	9
Separate Account Investment Management Agreement	10
Financial Support Agreement	10
Guarantee Fee and Reimbursement Agreement	10
Securities Lending Agreement	10
Farmland Investment Advisory and Management Agreement	10
FIDELITY BOND AND OTHER INSURANCE	11
SPECIAL DEPOSITS	11
INSURANCE PRODUCTS AND RELATED PRACTICES	11
Territory and Plan of Operation	11
Treatment of Policyholders and Claimants – Market Conduct	11
REINSURANCE	12
Assumed Reinsurance	12
Ceded Reinsurance	13
ACCOUNTS AND RECORDS	13
SUBSEQUENT EVENTS	14
FINANCIAL STATEMENTS	14
Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2009	15
Summary of Operations for the Year Ended December 31, 2009	17
Statement of Changes in Capital and Surplus for the Year Ended December 31, 2009	18
Reconciliation of Capital and Surplus for the Three Year Period Ended December 31, 2009	19
NOTES TO FINANCIAL STATEMENTS	20
Aggregate Reserves for Life and Accident and Health Contracts	20
SEPARATE ACCOUNTS	21
History	21
Separate Account Business	21
Financial Statements	22
ACKNOWLEDGEMENT	26

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

SCOPE OF EXAMINATION

John Hancock Life and Health Insurance Company, hereinafter referred to as ("JHLH" or "the Company") was last examined for the period January 1, 2000 through December 31, 2004 by the Delaware Insurance Department. The current National Association of Insurance Commissioners ("NAIC") association examination covers the intervening period from January 1, 2005 through December 31, 2009, and any material transactions and/or events occurring subsequent and noted during the examination.

The current examination was conducted at the direction of and under the overall management and control of the examination staff of the Massachusetts Division of Insurance (the "Division") in accordance with standards established by the NAIC Financial Condition (E) Committee, as well as the requirements of the *NAIC Financial Condition Examiner's Handbook*, using the risk-focused examination approach, the examination standards of the Division and with Massachusetts General Laws. The principal focus of the examination was for the year ended December 31, 2009, however, transactions both prior and subsequent thereto were reviewed as deemed appropriate. The examiners considered reliance on the IT General Controls review, internal control evaluations and account balance testing conducted by the Company's external auditor, Ernst & Young LLP ("E&Y") as part of the statutory compliance examination.

Representatives from the firms Deloitte & Touche LLP, Deloitte Consulting LLP, (collectively called "Deloitte") were engaged by the Division to assist in the examination by performing certain examination procedures including an information systems review and an actuarial review of the Company's actuarially determined account balances and related items at the direction of and under the overall management of the Division's examination staff.

In addition to a review of the financial condition of the Company, the examination included a review of the Company's business policies and practices, corporate records, reinsurance treaties, conflict of interest disclosure statements, fidelity bonds and other insurance, disaster recovery plan, and other pertinent matters to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting the examination, consideration was given to the concepts of materiality and risk assessment and examination efforts were directed accordingly.

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

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

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, Manulife Financial Corporation acquired all of the outstanding shares of John Hancock Financial Services Inc. ("JHFS"). Prior to the acquisition JHFS was JHLICO's sole shareholder and the Company's ultimate parent. Effective August 10, 2004, the Company changed its name to Manulife Insurance Company. 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 and into John Hancock Life Insurance Company USA ("JHUSA"), a Michigan corporation, and ownership of the Company was transferred from JHVLICO to JHUSA.

Common Capital Stock

Prior to 2009, the Company's authorized, issued and outstanding common capital stock totaled 20,000 shares having a par value of \$200. Effective April 29, 2009, the Company amended its Articles of Organization increasing its authorized common shares from 20,000 to 54,477. During 2009, the Company issued an additional 34,777 shares. At December 31, 2009, the Company's issued and outstanding shares of common capital stock totaled 54,477 having a par value per share of \$200.00 with a total value of \$10,955,400. All outstanding shares are owned by JHUSA.

Gross Paid-in and Contributed Surplus

At December 31, 2009, gross paid-in and contributed surplus totaled \$301,622,331. During the period of this examination contributions to the Company's gross paid-in and contributed surplus were as follows:

<u>Year</u>	<u>Contributions to Paid-in and Contributed Surplus</u>	<u>Gross Paid-in and Contributed Surplus as of December 31</u>
2009	\$156,372,402	\$301,622,331
2008	70,000,000	145,249,929
2007	0	75,249,929
2006	0	75,249,929
2005	0	75,249,929

Dividends to Stockholder

During the period of this examination, the Company's Board of Directors did not declare any dividends to stockholders.

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Growth of Company

The growth of the Company since the last examination as of December 31, 2004 is illustrated in the following schedule:

Year	Premium Income	Admitted Assets	Total Liabilities	Capital and Surplus
2009	\$ 1,149,193,015	\$ 6,443,030,835	\$ 6,092,118,549	\$ 350,912,286
2008	183,929	2,573,744,215	2,380,497,541	193,246,674
2007	1,179,358	538,934,697	412,664,638	126,270,059
2006	1,088,113	545,707,687	427,065,935	118,641,752
2005	451,214	546,444,146	431,024,834	115,419,312

The Company's growth in 2008 and 2009 is the result of numerous significant transactions with affiliates such as the following:

Year 2008

On October 1, 2008, JHLH assumed, with novation, a block of Corporate Owned Life Insurance (COLI) from JHVLICO with reserves in the amount of \$268,471,001 and assets in the amount of \$264,830,579. On November 10, 2008 the Company received a contribution to gross paid in and contributed capital of \$70 million from JHVLICO.

On December 31, 2008, JHLICO transferred its Stable Value Fund having a value of \$1,716,649,460 to the Company's Separate Account.

Year 2009

On October 1, 2009 the following transactions occurred:

- Approximately \$1.4 billion of New York individual and group long term care ("LTC") business, including the assets supporting the business, was transferred from JHLICO to the Company.
- A cash contribution of \$150 million from JHLICO in exchange for 34,776 shares of its stock that was recorded as an increase to common stock of \$6,955,200 and an increase to paid-in and contributed capital in the amount of \$143,044,800.
- The Company received a \$13,327,802 capital contribution from JHVLICO in the form of 100% ownership interest in the Long Term Care Partners LLC (LTCP) in exchange for one share of JHLH common stock. The transaction was recorded as an increase to common stock of \$200 and an increase to paid-in and contributed capital in the amount of \$13,327,602.

On October 1, 2009, JHLICO transferred to the Company's Separate Account approximately \$1.9 billion of assets related to the Federal Long Term Care Program.

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

MANAGEMENT, CONTROL AND CORPORATE GOVERNANCE

Stockholder

As of December 31, 2009, JHUSA was the sole shareholder of the Company. The annual meeting of the stockholder shall be held within six months of the Company's fiscal year-end as shall be fixed by the Board of Directors. Special meetings of the stockholder may be called by the Board of Directors or the President and shall be called by the Secretary upon request of the stockholder. The Company held the annual meetings within these guidelines.

Board of Directors

At the annual meeting of stockholders, the stockholders shall choose by ballot not fewer than five directors, who shall hold office until the next annual meeting. A majority of the entire Board of Directors present shall be necessary to constitute a quorum for the transaction of business. Vacancies may be filled by the unanimous vote of the remaining directors or by the stockholders. Regular meetings of Board may be held at such times as may be determined from time to time by the Chairman, the Chief Executive Officer or the Board of Directors.

The following five directors, all of whom are considered inside directors, were serving as of December 31, 2009:

<u>Name</u>	<u>Business Affiliation</u>
James R. Boyle, Chairman	President, John Hancock Financial Services
Marianne Harrison	President & General Manager, John Hancock Long Term Care
Jonathan Chiel	Executive Vice President and General Counsel, John Hancock Financial Services
Hugh McHaffie	President, John Hancock Wealth Management
Scott S. Hartz	Executive Vice President & Chief Investment Officer – US Investments

Effective January 1, 2010 a new slate of Board members was elected including outside directors as follows:

<u>Name</u>	<u>Business Affiliation</u>
John D. DesPrez, III, Chairman*	Chief Operating Officer, Manulife Financial Corporation
Thomas Borshoff	Self Employed Attorney
James R. Boyle**	President, John Hancock Financial Services
Ruth Ann Flemming	Retired Attorney
James D. Gallagher	Executive Vice President Global Compliance, John Hancock Communications, Government and Community Relations

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Scott S. Hartz	Executive Vice President & Chief Investment Officer – US Investments
Bradford J. Race***	Attorney, Dewey & LeBoeuf
Rex Schlaybaugh, Jr.	Attorney, Dykema Gossett PLLC
John G. Vrysen	Senior Vice President Strategic Initiatives, John Hancock Financial Services

* Resigned June 15, 2010

** Elected Chairman, June 15, 2010

*** Deceased on July 8, 2010

Committee of Finance

The Committee of Finance, which was renamed the Investment Committee effective January 1, 2010, is responsible for the general oversight and supervision of the investment activities of the Company, including without limitation the promulgation, adoption, amendment or waiver of any investment or credit policies and guidelines. The Committee is charged with the duty of overseeing and supervising the investing and loaning of funds of the Company including without limitation the purchase and sale of debt and equity securities, mortgages and real estate, the lending of any such securities and the lease of any such real estate or property.

At December 31, 2009, the Committee of Finance consisted of the following members:

Scott S. Hartz, Chairman
Jonathan Chiel
H. H. Schaffie

Effective January 1, 2010, the Investment Committee consisted of the following members:

Thomas Borshoff, Chairman
Scott S. Hartz
John G. Vrysen

Audit Committee

The Audit Committee assists the Board of Directors in its oversight role with respects to:

- The quality and integrity of financial information, including the Company's internal controls over financial reporting;
- The effectiveness of the Company's risk management and compliance practices;
- The independent auditor's performance, qualifications and independence;
- The performance of the Company's internal audit functions;
- The Company's compliance with legal and regulatory requirements; and
- The nomination of director candidates for election by the Company's shareholder

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

At December 31, 2009, the Audit Committee consisted of the following members:

Scott S. Hartz, Chairman
Jonathan Chiel
Hugh McHaffie

Effective January 1, 2010, the Audit Committee consisted of the following members:

Rex Schlaybaugh, Jr., Chairman
Thomas Borshoff
Bradford J. Race (replaced by Paul M. Connolly on January 13, 2011)
Ruth Ann Fleming

Officers

In accordance with Company's By-laws, the officers of the Company may consist of a Chief Executive Officer, President, one or more Vice Presidents, a Chief Financial Officer, a General Counsel, a Secretary, a Treasurer and such other additional officers as determined from time to time by the Board of Directors.

The following individuals were serving as senior officers of the Company at December 31, 2009:

Name	Title
Marianne Harrison	President
James R. Boyle*	Executive Vice President
Jonathan Chiel	Executive Vice President & General Counsel
Robert T. Cassato	Executive Vice President
Marc Constantini	Executive Vice President
Steven Finch	Executive Vice President
Scott S. Hartz	Executive Vice President & Chief Investment Officer
Hugh McHaffie	Executive Vice President
Warren A. Thomson	Executive Vice President
James D. Gallagher	Senior Vice President
Peter Gordon	Senior Vice President
Allan Hackney	Senior Vice President & Chief Information Officer
Peter Leffert	Senior Vice President & Treasurer
Gregory Mack	Senior Vice President
Ronald J. McHugh	Senior Vice President
Lynne Patterson	Senior Vice President & Chief Financial Officer
Diana L. Scott	Senior Vice President
Alan R. Seghezzi	Senior Vice President & Chief Counsel-Investments
Bruce R. Specia	Senior Vice President
Brooks Tingle	Senior Vice President
John G. Vrysen	Senior Vice President
Emanuel Alves	Counsel and Corporate Secretary
Philip Clarkson	Vice President & Counsel
Lynn L. Dyer	Vice President & Compliance Officer-US Investments
Richard Harris	Vice President & Appointed Actuary
Mitchell Karman	Vice President & Chief Compliance Officer
David Plumb	Vice President

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Krishna Ramdial
Jeffery Whitehead

Vice President
Vice President & Controller

* Appointed President on January 1, 2010

Conflict of Interest

Manulife Financial Group and its subsidiaries, including the Company, adhere to a "Code of Business Conduct and Ethics". On an annual basis, Manulife requires employees to affirm their compliance with the policy by completing a conflict of interest statement.

Articles of Incorporation and By-Laws

The Articles of Incorporation and By-laws of the Company were reviewed and changes were made to these documents since the prior examination.

Changes to Articles of Incorporation

Effective January 1, 2009 the Company was re-domesticated from the State of Delaware to the Commonwealth of Massachusetts.

Effective April 29, 2009, the Company amended its Articles of Organization increasing its authorized common shares from 20,000 to 1,000,000.

Changes to By-Laws

Effective December 10, 2009, Article III, Section 3.1 of the By-Laws was amended to change the number of the Board of Directors from not less than three to not less than five. In addition, Section 4.1 of Article III of the By-Laws was amended changing the name of Committee of Finance of the Board of Directors to the Investment Committee.

Changes to By-Laws Subsequent to December 31, 2009

Effective June 15, 2010 the Company amended and restated its By-Laws. The significant By-Law changes are as follows:

- Article III, Number and Qualifications was amended to change the number of the Board of Directors from not less than five to not less than seven and requiring Directors to tender his or her resignation upon reaching the age of seventy-two.
- Article III, Regular Meetings was amended requiring three regular meetings in addition to the annual meeting, with one regular meeting to be held in each quarter.
- Article III, Special Meetings was amended to change the procedures to call a special meeting of the Board of Directors. Special meetings of the Board of Directors may be called by the President and shall be called by the President upon receipt of a written request of not less than three directors. Directors shall be notified at least five days before such meeting is held.
- Article IV, Board Committees was amended to add an Executive Committee.

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Management Continuity and National Emergency

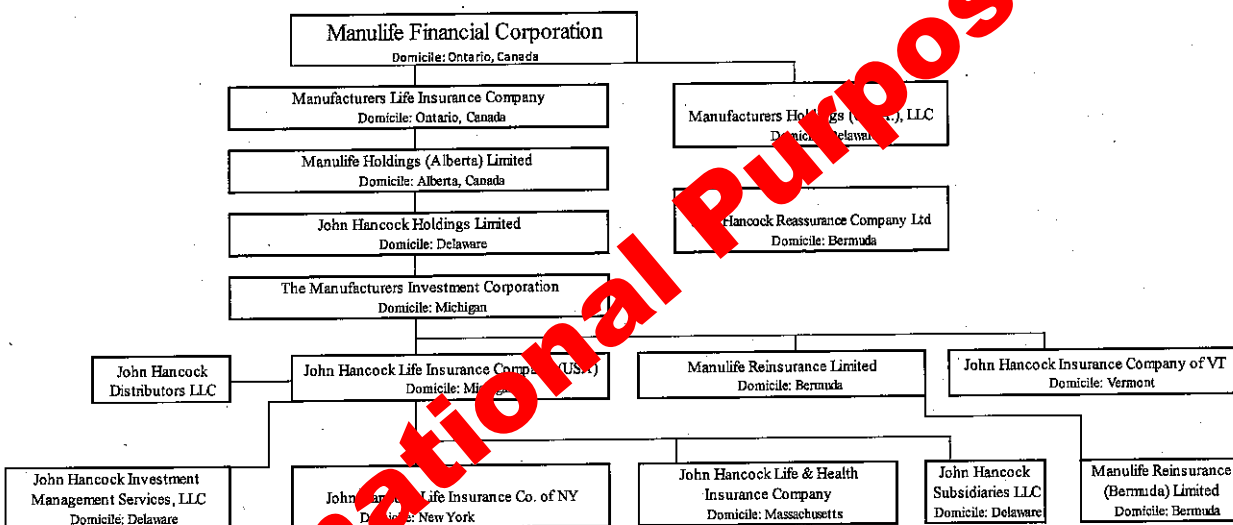
The Company provides for the continuity of management in the event of a catastrophe or other emergency in accordance with sections 180M through 180Q of Chapter 175 of the Massachusetts General Laws.

AFFILIATED COMPANIES

The Company is a member of a holding company system and is subject to the registration requirements of Chapter 175, Section 206C, of the Massachusetts General Laws. As of December 31, 2009, the Company was 100% owned by JHUSA. The ultimate parent is Manulife Financial Corporation.

Organizational Chart

An organization chart of Manulife Financial Corporation reflecting members of its insurance holding company group as of December 31, 2009 is as follows:



Transactions and Agreements with Affiliates

Service Agreement

JHLH purchases services in accordance with a Service Agreement between JHLICO, John Hancock Financial Services affiliates and JHUSA. The agreement provides administrative, information technology, investment advisory, investment management, and support services for the Company to conduct its operations, including but not limited to, data processing, claims, legal, tax, accounting, internal audit, corporate compliance, human resources, payroll, purchasing and supply, office planning, printing and art, life insurance (which includes, but not limited to, life and health, including long term care insurance business), reinsurance, investment advisory and management, real estate and mortgage administration, marketing, treasury, and actuarial services. Following the merger of JHLICO into JHUSA, and effective January 1, 2010, the Company became a party to a new Master Service Agreement with JHUSA providing personnel and similar services as noted in the previous service agreement.

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. Terms of operation and participation in the Liquidity Pool were set out in two Liquidity Pool

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

agreements effective May 28, 2004 and May 27, 2005, pursuant to which the pre-merger JHUSA's and JHLICO's affiliates are permitted to invest their cash. The two agreements have been consolidated and replaced by a Restated Liquidity Pool agreement, effective September 21, 2007, pursuant to which JHLH is permitted to invest up to an aggregate amount of \$50 million in US currency. Interest payable on US dollar deposits is reset daily to the one-month U.S. Dollar London Inter-Bank Bid Rate. As of December 31, 2009 JHLH's participation in the Liquidity Pool amounted to \$41,479,085.

Separate Account Investment Management Agreement

Effective October 1, 2009 JHLH is a party to a discretionary Investment Management Agreement with MFC Global (U.S.) LLC to manage assets in the Company's Separate Account in accordance with investment guidelines stated therein.

Financial Support Agreement

On December 18, 2008 JHLICO entered into a Financial Support Agreement with JHLH providing a guarantee that JHLH be capitalized such that its Company Action Level RBC ratio according to the NAIC formula is at or above 225% annually. As a result of the merger of JHLICO with JHUSA, JHUSA assumed the Financial Support Agreement guaranteeing the minimum capital of JHLH.

Guarantee Fee and Reimbursement Agreement

In connection with JHLH's assumption of a portion of JHLICO's long term care business and in order to manage the risk of this business, the Company will transact in the derivative market, mostly interest rate swaps, to hedge the Company's long term exposure. Trading in derivatives requires JHLH to enter into International Swap and Derivatives Association ("ISDA") agreements with counterparties. In order to get counterparties to enter into ISDA's with JHLH and get most favorable terms, JHLICO has agreed to provide a guarantee of JHLH's obligations under the ISDAs.

Effective October 1, 2009, the Company entered into a Guarantee Fee and Reimbursement Agreement with JHLICO whereby the Company agrees to pay JHLICO a fee in consideration of JHLICO's agreement to guarantee the Company's obligations under certain ISDA Agreements. Following the merger of JHLICO with and into JHUSA, JHUSA has succeeded JHLICO as the guarantor under the Guarantee Fee and Reimbursement Agreement.

Securities Lending Agreement

Effective October 1, 2009, the Company entered into a Securities Lending Agreement with JHUSA. The agreement is in connection with the Company's transactions in the derivatives market. Long term swap agreements often require the posting of collateral. This agreement permits JHLH to borrow securities from JHUSA in order to ensure that JHLH has the requisite securities to post as collateral under the ISDA Agreements. Effective January 1, 2010, the agreement was replaced with a Securities Lending Agreement with an affiliate, Manufacturers Life Insurance Company.

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.

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

FIDELITY BOND AND OTHER INSURANCE

The Company, along with other insurance company subsidiaries of the Manulife Financial Corporation, is a named insured on an Insurance Company Solutions Policy. Coverages included in this policy are Directors & Officers Liability, Comprehensive General Liability, all Risks Property, Financial Institution Bond, US Workers Compensation and US Automobile. The Company's Financial Institution Bond coverage exceeds the NAIC suggested minimum coverage.

SPECIAL DEPOSITS

The special deposits of the Company at December 31, 2009 are as follows:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Arizona	\$ 589,651	\$ 613,421
Arkansas	246,581	256,521
Georgia	24,695	34,078
Louisiana	21,651	22,306
Massachusetts	1,940,071	2,044,865
New Mexico	103,720	141,939
North Carolina	535,456	656,079
Tennessee	116,577	111,531
Virginia	101,849	105,954
Total	<u>\$3,688,221</u>	<u>\$3,997,714</u>

All special deposits are for the benefit of all policyholders.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

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 long term care ("LTC") insurance. This is the result of the transfer of approximately \$1.4 billion of individual and group LTC business from JHLICO to the Company effective October 1, 2009. In January 2010, the Company commenced writing new group and individual LTC business, but subsequently suspended writing new group business in June 2010. The Company continues to write individual LTC business. The Company also manages, for the U.S. Office of Personnel Management, the Federal Long Term Care Insurance Program ("FLTCIP"), the largest employer-sponsored group long term care program in the U.S. 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 and Claimants - Market Conduct

The Division's Market Conduct Department has initiated a comprehensive market conduct examination of the Company effective for the 2010 year period. The examination has been called pursuant to the authority in Massachusetts General Laws Chapter 175, Section 4. The market conduct examination will be conducted at the direction of, and under the overall management and control of, the market conduct examination staff of the Division. Guidance and standards of the NAIC Market Conduct Examiner's

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Handbook, the market conduct examination standards of the Division, and the Commonwealth of Massachusetts insurance laws, regulations and bulletins will be followed. The basic business areas that are being reviewed under this market conduct examination are Company Operations/Management; Complaint Handling; Marketing and Sales; Producer Licensing; Policyholder Services; Underwriting and Rating; and, Claims. Once this market conduct examination is completed a Report on the Comprehensive Market Conduct Examination of the Company will be issued and become available as a public document.

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. Below are summaries of the key reinsurance agreements entered into since the last exam, as well as certain key agreements still in effect as of the examination date.

Assumed Reinsurance

Accident and Health

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 JHLICO to the Company. The transfer of the New York LTC business was completed pursuant to the planned merger of JHLICO and JHVLICO into JHUSA. Since the surviving entity, JHUSA, is not licensed in NY, JHLICO filed a Plan of Withdrawal with the State of New York pursuant to which JHLICO agreed to transfer substantially all of its New York LTC business to the Company on October 1, 2009.

Effective October 1, 2009 the Company entered into an Indemnity Coinsurance Agreement with JHLICO providing for 100% coinsurance reinsurance of all of JHLICO's group LTC policies and to provide full servicing of such policies. As a result of the merger of JHLICO and JHUSA, the contract was transferred to the successor, JHUSA.

Effective December 18, 2007, 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 vast 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. As of December 31, 2009, reserves for this block of business amounted to \$86,609,222. JHLH retrocedes 100% of this business to JHUSA.

Life

Effective June 23, 1993, the Company assumed from Charter National Life Insurance under a 100% coinsurance agreement, single premium universal life policies. As of December 31, 2009, reserves on this business amounted to \$23,154,046.

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Effective July 1, 2009, the Company, through a novation agreement with JHLICO, assumed life YRT reinsurance treaties with Hanover Life Reassurance Co. of America, Scottish RE (US), Inc. and Scottish RE Life Insurance Company with total reserves of \$69,720,349 as of December 31, 2009. These contracts are then retroceded 100% to JHUSA.

Ceded Reinsurance

Accident and Health

Effective October 1, 2009, JHLH entered into a Partition and Novation Agreement with JHLICO and John Hancock Reassurance Company Limited ("JHRECO"). JHLICO and JHRECO entered into a reinsurance agreement effective December 9, 1997, as amended July 1, 2008, October 1, 2008 and January 1, 2009 under which JHRECO assumes a 50% quota share of JHLICO's Retail and Group LTC business issued from 1997 to 2007. The reinsured business includes LTC policies and certificates issued to New York and outside of New York residents, except for those policyholders who rejected such transfer of policies pursuant to the Assumption Reinsurance Agreement dated October 1, 2009 between JHLH and JHLICO. This agreement provides that JHLH shall assume all of JHLICO's interests, rights, duties, obligations and liabilities with respect to only New York LTC business. In addition JHRECO agrees to bind JHLH with all terms and conditions of the Reinsurance Agreement to the same extent as if JHLH was a party to the Reinsurance Agreement instead of JHLICO.

Effective December 18, 2009, JHLH entered into a Retrocession Agreement with JHLICO under which JHLH retrocedes 100% of the closed block of specialty 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 Safeco National Casualty Corporation that JHLH received through a novation agreement from JHLICO on December 18, 2009. As the result of the merger of JHLICO and JHUSA, the contract was transferred to the successor, JHUSA.

Life

Effective July 1, 2009, a 100% reinsurance treaty was executed between the Company and JHUSA under which the Company ceded and assumed reinsurance contracts with Hanover Life Reassurance Co of America, Scottish RE (US), Inc. and Scottish Re Life Insurance Company having total reserves of \$69,720,349 as of December 31, 2009.

ACCOUNTS AND RECORDS

The internal controls structure was discussed with management through questionnaires and through a review of the work performed by the Company's independent certified public accounting firm, Ernst & Young LLP and the Company's internal audit department. A review and evaluation of the control environment of JHLH's information systems was performed. The NAIC's ISPQ completed by the Company was reviewed and interviews with Company staff were conducted to gather supplemental information and corroborate the Company's responses to the questionnaire. A review was also made of the documentation supporting Management and Organization Controls, Application Systems Development and Maintenance Controls, Operating and Processing Controls, Logical and Physical Security Controls, Contingency Planning Controls, Personal Computer, Local Area Network (LAN), Wide Area Network (WAN) and Internet Controls. The control environment of the Company's information systems was found to have in place sufficient internal controls.

The books and records of the Company are audited annually by Ernst & Young LLP, independent certified public accountants, in accordance with 211 CMR 23.05.

SUBSEQUENT EVENTS

On January 1, 2010, JHUSA transferred to the Company through a 100% coinsurance reinsurance agreement with cut-through provisions, a discontinued block of life business with approximately \$37 million of reserves. The estimated financial impact of this transaction is an increase of approximately \$3 million to surplus.

In June 2010, the Company suspended the writing of new group LTC business. The Company's existing LTC business, particularly the group business has performed poorly due to adverse morbidity experience. In 2010, the Company filed for premium rate increases with insurance regulators on existing and new LTC business. Policy provisions will allow existing LTC policyholders to offset some of the increase in premium by adjusting the terms of their coverage. The regulatory approval process for these rate increases is still ongoing at the writing of this Report.

On December 16, 2010, the Company received from its parent, JHUSA, a capital contribution of \$300 million in exchange for one share of its common stock. The capital contribution was in part due to the Company's 2010 reserve strengthening for LTC reserves in the amount of \$90 million and life reserves in the amount of \$55.5 million.

FINANCIAL STATEMENTS

The following financial statements are presented on the basis of accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts and by the National Association of Insurance Commissioners, as of December 31, 2009.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2009

Summary of Operations for the Year Ended December 31, 2009

Statement of Changes in Capital and Surplus for the Year Ended December 31, 2009

Reconciliation of Capital and Surplus for the Three Year Period Ended December 31, 2009

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Statement of Assets, Liabilities, Surplus and Other Funds As of December 31, 2009

Assets	As Reported by the Company	Examination Changes	Per Statutory Examination
Bonds	\$ 1,178,255,537	\$ 0	\$ 1,178,255,537
Stocks:			
Preferred stocks			
Common stocks	180,395,931		180,395,931
Mortgage loans on real estate:			
First liens	245,727,803		245,727,803
Real estate:			
Properties held for the production of income	118,337,172		118,337,172
Cash, cash equivalents and short-term investments	543,619,368		543,619,368
Contract loans	86,569,136		86,569,136
Other invested assets	26,240,714		26,240,714
Receivable for securities	2,600,339		2,600,339
Aggregate Write-ins for invested assets	130,017,614		130,017,614
Subtotals, cash and invested assets	2,511,763,614		2,511,763,614
Investment income due and accrued	23,609,811		23,609,811
Premiums and considerations:			
Uncollected premiums and agents' balances	23,105,691		23,105,691
Deferred premiums booked but not yet due	501,564		501,564
Reinsurance:			
Amounts recoverable from reinsurers			
Other amounts receivable under reinsurance contracts	99,151		99,151
Current federal and foreign tax recoverable	1,860,010		1,860,010
Guaranty funds receivable or on deposit	8,769		8,769
Receivables from parent, subsidiaries and affiliates	64,788,400		64,788,400
Aggregate write-ins for other than invested assets	7,645,594		7,645,594
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	2,633,382,604		2,633,382,604
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	3,809,648,231		3,809,648,231
Total Assets	\$ 6,443,030,835	\$ 0	\$ 6,443,030,835

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Statement of Assets, Liabilities, Surplus and Other Funds (Continued) As of December 31, 2009

Liabilities	As Reported by the Company	Examination Changes	Per Statutory Examination
Aggregate reserve for life contracts	\$ 636,938,771	\$ 0	\$ 636,938,771
Aggregate reserve for accident and health contracts	881,566,271		881,566,271
Liability for deposit-type contracts	14,225,154		14,225,154
Contract claims:			
Life	26,045,510		26,045,510
Accident and health	7,134,320		7,134,320
Premiums and annuity considerations received in advance	9,350,588		9,350,588
Contract liabilities not included elsewhere:			
Other amounts payable on reinsurance	2,722,754		2,722,754
Interest Maintenance Reserve	30,730,539		30,730,539
Commissions to agents due or accrued	58,841		58,841
Commissions and expense allowances payable on reinsurance assumed	246,007		246,007
General expenses due or accrued	570,213		570,213
Transfers to Separate Accounts due or accrued	8,226,238		8,226,238
Taxes, licenses and fees due or accrued, excluding federal income taxes	758,953		758,953
Net deferred taxes	23,261,069		23,261,069
Amounts withheld or retained by company as agent or trustee	55,491		55,491
Remittances and items not allocated	(951,904)		(951,904)
Miscellaneous liabilities:			
Asset valuation reserve	25,276,520		25,276,520
Funds held under reinsurance treaties with unauthorized reinsurers	561,493,215		561,493,215
Payable to parent, subsidiaries and affiliates	196,647		196,647
Payable for securities	26,114,483		26,114,483
Aggregate write-ins for liabilities	28,450,638		28,450,638
Total Liabilities excluding Separate Account business	2,282,470,318		2,282,470,318
From Separate Accounts statement	3,809,648,231		3,809,648,231
Total liabilities	6,092,118,549		6,092,118,549
Common capital stock	10,955,400		10,955,400
Gross paid-in and contributed surplus	301,622,331		301,622,331
Unassigned funds (surplus)	38,334,555		38,334,555
Surplus	339,956,886		339,956,886
Total Capital and Surplus	350,912,286		350,912,286
Totals	<u>\$ 6,443,030,835</u>	<u>\$ 0</u>	<u>\$ 6,443,030,835</u>

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Summary of Operations For the Year Ended December 31, 2009

	As Reported by the Company	Examination Changes	Per Statutory Examination
Premium and annuity considerations	\$ 1,149,193,015	\$ 0	\$ 1,149,193,015
Net investment income	46,747,435		46,747,435
Amortization of interest maintenance reserve	2,801,206		2,801,206
Commissions and expense allowances on reinsurance ceded	3,766,636		3,766,636
Miscellaneous Income			
Aggregate write-ins for miscellaneous income	8,417,995		8,417,995
Totals	1,210,926,287		1,210,926,287
Death benefits	17,650,092		17,650,092
Disability benefits and benefits under A&H policies	11,108,231		11,108,231
Surrender benefits and withdrawals for life contracts	72,154,763		72,154,763
Interest and adjustments on contract or deposit-type contract funds	464,375		464,375
Increase in aggregate reserves for life and accident and health policies and contracts	136,449,298		136,449,298
Totals	237,826,759		237,826,759
Commissions on premiums, annuity considerations and deposit-type contract funds	8,952,317		8,952,317
Commissions and expense allowances on reinsurance assumed	762,555		762,555
General insurance expenses	6,926,302		6,926,302
Insurance taxes, licenses and fees, excl. federal income taxes	962,262		962,262
Increase in loading on deferred and uncollected premium	381,802		381,802
Net transfer to Separate Accounts net of reinsurance	933,289,532		933,289,532
Aggregate write-ins for deductions	25,632,278		25,632,278
Totals	1,214,733,807		1,214,733,807
Net gain from operations before dividends to policyholders and federal income taxes	(3,807,520)		(3,807,520)
Federal income taxes incurred (excluding tax on capital gains)	(1,855,983)		(1,855,983)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	(1,951,537)	0	(1,951,537)
Net realized capital gains or (losses)	528,662		528,662
Net income	\$ (1,422,875)	\$ 0	\$ (1,422,875)

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Statement of Changes in Capital and Surplus
For the Year Ended December 31, 2009

	As Reported by the Company	Examination Changes	Per Statutory Examination
Capital and surplus, December 31, prior year	\$ 193,246,674	\$ 0	\$ 193,246,674
Net income	(1,422,875)		(1,422,875)
Change in net unrealized capital gains less capital gains tax	8,567,840		8,567,840
Change in net unrealized foreign exchange capital gains and (loss)	(1)		(1)
Change in net deferred income tax	1,208,250		1,208,250
Change in nonadmitted assets	(83,464)		(83,464)
Change in asset valuation reserve	(24,311,181)		(24,311,181)
Capital Changes			
Paid in	6,955,400		6,955,400
Surplus Adjustment:			
Paid in	156,372,402		156,372,402
Change in surplus as a result of reinsurance	10,379,241		10,379,241
Net change in capital and surplus for the year	157,665,612		157,665,612
Capital and surplus, December 31, 2009	\$ 350,912,286	\$ 0	\$ 350,912,286

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Reconciliation of Capital and Surplus
For the Three Year Period Ended December 31, 2009

	2009	2008	2007
Capital and surplus, December 31, prior year	\$ 193,246,674	\$ 126,270,059	\$ 118,641,752
Net income	(1,422,875)	6,357,608	13,217,183
Change in net unrealized capital gains or (losses)	8,567,840	(6,243,859)	(1,161,117)
Change in net unrealized foreign exchange capital gains and (loss)	(1)		
Change in net deferred income tax	1,208,250	(1,043,809)	26,365
Change in nonadmitted assets	(83,464)	(91,374)	(708)
Change in liability for reinsurance in unauthorized companies			
Change in reserve on account of change in valuation basis			
Change in asset valuation reserve	(24,311,181)	416,075	(652,706)
Cumulative effect of changes in accounting principles		(3,612,651)	
Capital changes:			
Paid in	6,355,400		
Surplus adjustment:			
Paid in	6,372,402	70,000,000	
Change in Surplus as a result of reinsurance	10,379,241		
Dividends to stockholders			
Aggregate write-ins for gains and (losses) in surplus		1,194,625	(847,839)
Net change in capital and surplus for the year	157,665,612	66,976,615	7,628,307
Capital and surplus, December 31, current year	\$ 350,912,286	\$ 193,246,674	\$ 126,270,059

NOTES TO FINANCIAL STATEMENTS**Aggregate Reserves for Life and Accident and Health Contracts**

Independent actuaries from Deloitte Consulting LLP were retained by the Division to perform a review and certain actuarial analyses of actuarially determined reserves and liabilities, and asset adequacy analysis testing as of December 31, 2009. In accordance with applicable Division and NAIC insurance guidance, the Company records actuarially determined reserves and liabilities that are calculated to meet its future contractual obligations under outstanding policies and claims. The \$1,565.9 million in the recorded general account reserves and liabilities are based on statutory minimum standards, using morbidity and mortality tables and interest rates that produce reserves at least as great as those required by Massachusetts General Laws, Chapter 175, Section 10, *Liability of Companies Upon their Contracts of Insurance; Other Than Life Companies and Health Maintenance Organizations*.

These reserves and liabilities include provisions for unearned premiums; future claims in excess of future premium (i.e. life insurance policy reserves and health insurance active life reserves, future payment on claims that have been incurred, whether reported or not reported as of December 31, 2009 (i.e. claim reserves), and cash-flow testing reserves. The \$1,856.9 million in reserves shown in Exhibit 3 of the Company's Separate Account Annual Statement as of December 31, 2009 for the Federal Long Term Care Program was not reviewed. Deloitte Consulting LLP's procedures were limited to a validation of the Company's assertion that as a consequence of the terms and limited duration of the contract for the Federal Long Term Care Program, there is minimal financial risk to the Company from this business.

Active life reserves for the Company's LTC policies as of December 31, 2009, were demonstrated to be calculated reasonably using assumptions consistent with prescribed statutory minimum standards for a random sample of policies.

Policy reserves for the Company's life insurance policies as of December 31, 2009, were demonstrated to be calculated reasonably using assumptions consistent with or more conservative than prescribed statutory minimum standards for a random sample of policies. Over 97% of life insurance reserves were for Universal Life products, for which the account value was established as the statutory reserve. Based on a review of the policy characteristics and on the sample reserve testing performed for the Universal Life reserves, Deloitte Consulting LLP concluded that, overall, such reserves were more conservative than the minimum CRVM reserves required by Massachusetts General Laws, Chapter 175, Section 10 and therefore, such reserves appear reasonable.

Claim reserves are established for future payments not yet due on claims already incurred, primarily relating to LTC contracts. LTC tabular claim reserves are calculated using morbidity and interest rate assumptions based on past Company experience. Reported reserves were demonstrated to be greater than those calculated using the prescribed statutory minimum standards for morbidity and interest.

For the incurred but not reported (IBNR) liability and in course of settlement (ICOS) claim, the Company was able to demonstrate that the established amounts were in excess of reserves calculated on a minimum standard basis.

Cash flow testing as of December 31, 2009, for the LTC line showed surplus margins across all interest rate scenarios. Based on the initial cash flow testing results, the Company established an \$80 million cash flow testing reserve as of December 31, 2009. The \$80 million was determined such that any negative surplus emerging in interim projection years was minimized. The 2009 cash flow projections made use of morbidity studies developed in 2007 and 2008. Morbidity studies performed in 2010 (subsequent to the examination period) showed that claim experience had deteriorated from 2009 expectations. Based on the 2010 morbidity study, the Company established

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

an additional \$90 million in cash flow testing reserves for the LTC block as of December 31, 2010. The LTC cash flow testing results were sufficient to support the asset adequacy opinion.

Cash flow testing as of December 31, 2009, for the life block showed surplus margins across all interest rate scenarios. It should be noted, however, that an additional \$55.5 million of cash flow testing reserves were established as of December 31, 2010 on the life block in light of continued low interest rate environment and the 4% and 6% minimum credited interest guarantees and single premium nature of the universal life business.

The results of the product-specific Asset Adequacy Testing projections are combined to analyze the sufficiency of JHLH's reserves on an entity-wide basis. Under the worst of the seven standard interest rate scenarios, the December 31, 2009 summarized results indicated that JHLH's reserves were sufficient by \$91.8 million, inclusive of the \$94.5 million in additional reserves (\$80 million for LTC that was established in 2009, and \$14.5 million for other lines of business that was established in prior years). Deloitte Consulting LLP reviewed the documentation provided regarding Asset Adequacy Testing and found it to be reasonable. Based on the information known as of December 31, 2009, the cash flow testing results were found to be sufficient to support the asset adequacy opinion.

The Company's actuarially determined reserves and liabilities as of December 31, 2009, were found to be reasonable based on the Company's expectations for future cash flow projections at that time. The reserves and liabilities have been demonstrated to be calculated in an actuarially sound manner and to make adequate provision for claims and policy obligations. The methods and bases used comply with the laws and regulations of the Commonwealth of Massachusetts and make adequate provision for JHLH's contractual obligations.

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

Separate Account Business

Separate Accounts are utilized by the Company for its Stable Value Fund and the Federal Long Term Care business. On December 31, 2008, JHVLICO transferred its Stable Value Fund having a value of \$1,716,649,460 to the Company's Separate Account. The Stable Value Fund is a conservative fixed-income fund designed to preserve principal, provide book value liquidity for participant withdrawals, and deliver long-term investment returns in excess of money market fund returns. The fund is structured as a bank collective trust and offered to investors only through qualified defined contribution retirement plans. The fund is available as an option on the Retirement Plan Services 401(k) investment platform of an affiliate. Its book value guarantee is not provided by JHLH, but by one or more third-party guarantors. At December 31, 2009, the market value of the Stable Value Fund amounted to \$1,943,161,474.

On October 1, 2009, the Federal Long Term Care Program business was transferred from JHLICO's Separate Account to the Company. The Company is the insurer for this federal employees' program and all policies and related assets and liabilities are held in the Separate Account. The experience of this

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

program is credited directly to the Separate Account and not shared or guaranteed by the Company. At December 31, 2009, the fund balance for the Federal Long Term Care Program was \$1,866,486,757.

Investment management for the Separate Accounts is principally provided by the Company or by an affiliate, MFC Global (U.S.) LLC, in accordance with an Investment Management Agreement.

FINANCIAL STATEMENTS

The financial statements section includes the following:

Statutory Statement of Assets, Liabilities and Surplus as of December 31, 2009

Summary of Operations for the year ended December 31, 2009

Capital and Surplus for the year ended December 31, 2009

Reconciliation of Capital and Surplus for the year ended December 31, 2009

The following financial statements are presented on the basis of accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts and by the National Association of Insurance Commissioners as of December 31, 2009.

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Separate Account Business
Statement of Assets, Liabilities, and Surplus
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>As Reported by the Company</u>	<u>Examination Changes</u>	<u>Per Statutory Examination</u>
Assets			
Stocks:			
Common Stocks	\$ 3,802,384,555	\$ 0	\$ 3,802,384,555
Subtotals Cash and invested assets	3,802,384,555		3,802,384,555
Aggregate write ins for other than invested assets	7,263,677		7,263,677
Total Assets	<u>\$ 3,809,648,232</u>	<u>\$ 0</u>	<u>\$ 3,809,648,232</u>
Liabilities			
Aggregate reserve for life, annuity and accident and health contracts	\$ 3,797,979,694	\$ 0	\$ 3,797,979,694
Payables for securities	2,039,162		2,039,162
Aggregate write-ins for liabilities	9,629,376		9,629,376
Total Liabilities	<u>3,809,648,232</u>		<u>3,809,648,232</u>
Total Liabilities and Surplus	<u>\$ 3,809,648,232</u>	<u>\$ 0</u>	<u>\$ 3,809,648,232</u>

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

Separate Account Business
Summary of Operations
FOR THE YEAR ENDED DECEMBER 31, 2009

	As Reported by the Company	Examination Changes	Per Statutory Examination
Transfers to Separate Accounts:			
Net premiums and annuity considerations for life and accident and health contracts	\$ 997,889,532	\$ 0	\$ 997,889,532
Aggregate write-ins for other transfers to Separate Accounts	240,839,858		240,839,858
Totals	1,238,729,390		1,238,729,390
Net investment income and capital gains and losses	54,049,405		54,049,405
Totals	1,292,778,795		1,292,778,795
Deduct:			
Transfers from the Separate Account on account of contract			
Death Benefits	9,600,000		9,600,000
Surrender benefits and withdrawals for life contracts	46,600,000		64,600,000
Subtotals	74,200,000		74,200,000
Fees associated with charges for investment management, administration and contract guarantees	228,296		228,296
Increase in aggregate reserve for life and accident health contracts	1,218,350,499		1,218,350,499
Totals	1,292,778,795		1,292,778,795
Net gain from operations	\$ 0	\$ 0	\$ 0

STATEMENT OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2009

	As Reported by the Company	Examination Changes	Per Statutory Examination
Surplus, December 31, 2008	\$ 0	\$ 0	\$ 0
Net gain from operations	0		0
Surplus contributed or within year	0		0
Change in reserve on account of change in valuation basis, (increase) or decrease	0		0
Transfers from Separate Accounts of the change in expense allowances recognized	0		0
Aggregate write-ins for gains and losses in surplus	0		0
Surplus, December 31, 2009	\$ 0	\$ 0	\$ 0

JOHN HANCOCK LIFE AND HEALTH INSURANCE COMPANY

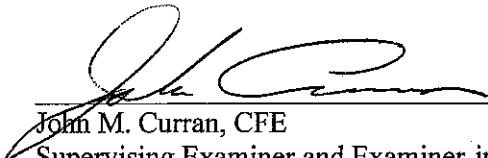
Separate Account Business
Reconciliation of Surplus
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>As Reported by the Company</u>	<u>Examination Changes</u>	<u>Per Statutory Examination</u>
Surplus, December 31, 2008	\$ 0	\$ 0	\$ 0
Net gain from operations	0		0
Surplus, December 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

For Informational Purposes Only

ACKNOWLEDGEMENT

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



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

For Informational Purposes Only