COMMONWEALTH OF MASSACHUSETTS

OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

Division of Insurance

Report on the Statutory Examination of

John Hancock Variable Life Insurance Company

Boston, Massachusetts

As of December 31, 2007

NAIC COMPANY CODE: 90204

NAIC GROUP CODE: 0904

Table of Contents

COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

One South Station • Boston, MA 02110-2208
(617) 521-7794 • http://www.mass.gov/doi

May 29, 2009

The Honorable Alfred W. Gross
Chair, NAIC Financial Condition (E) Committee
Commissioner of Insurance
Commonwealth of Virginia
1300 East Main Street
Richmond, VA 23219

The Honorable James J. Donelon
Secretary, Southeastern Zone
Commissioner of Insurance
Louisiana Department of Insurance
1702 N. 3rd Street
Baton Rouge, LA 70802

The Honorable Joel Ario
Secretary, Eastern Zone
Commissioner of Insurance
Pennsylvania Insurance Department
1209 Strawberry Square, 13th Floor
Harrisburg, PA 17120

The Honorable Merle Scheiber
Secretary, Midwestern Zone
Director of Insurance
South Dakota Division of Insurance
445 E. Capitol Avenue
Pierre, SD 57501

The Honorable Morris J. Chavez
Secretary, Western Zone
Superintendent of Insurance
New Mexico Division of Insurance
P.E.R.A. Building, 4th Floor
1120 Paseo De Peralta
Santa Fe, NM 87501

The Honorable Nonnie S. Burnes
Commissioner of Insurance
Massachusetts Division of Insurance
One South Station
Boston, MA 02110

Honorable Commissioners, Director, and Superintendent:

Pursuant to your instructions and the statutory requirements of the Commonwealth of Massachusetts, a statutory association examination has been made of the books, records, and financial condition of

JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY
197 Clarendon Street
Boston, Massachusetts 02117

and the report thereon is respectfully submitted.

INTRODUCTION

John Hancock Variable Life Insurance Company, ("JHVLICO" or the "Company") was last examined as of December 31, 2002 for the period from January 1, 1998 thereto. The current examination covers the intervening period from January 1, 2003 through December 31, 2007. 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 ("Division") in accordance with standards established by the Financial Condition (E) Committee of the National Association of Insurance Commissioners ("NAIC") as well as with the requirements of the *NAIC Financial Condition Examiners' Handbook*, the examination standards of the Division and with Massachusetts General Laws ("M.G.L."). Representatives of Deloitte & Touche LLP, Deloitte Consulting LLP, Deloitte Tax LLP (collectively "Deloitte") assisted the Division in performing the examination procedures at the direction of and under the overall management of the Division's examination staff. This assistance included a review of accounting records, information systems, actuarially determined assets and liabilities, taxes, and investments, including derivatives. The examination was performed at the Company's home office in Boston, Massachusetts and Manulife Financial Corporation's ("Manulife Financial") home office in Toronto, Canada, and in conjunction with the statutory examination of the Company's direct parent John Hancock Life Insurance Company. The Division represented the NAIC Northeastern Zone. There was no other zone participation for this examination.

SCOPE OF STATUTORY EXAMINATION

This examination covers the five-year period ending December 31, 2007 and any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination. During the course of this examination, the operations, management and corporate policies, transactions, accounting practices and procedures, and internal controls of the Company were reviewed, analyzed, and tested to the extent deemed appropriate and necessary. General operations of the Company and its direct parent, John Hancock Life Insurance Company ("JHLICO"), were reviewed for compliance with applicable Massachusetts statutes. Audit procedures and supporting work papers conducted and prepared by the Company's external auditors, Ernst & Young LLP ("Ernst & Young"), for the year ended December 31, 2007 were reviewed, evaluated and relied upon where deemed appropriate. The work of the Company's internal auditors was also reviewed and relied upon to the extent deemed appropriate.

HISTORY

General

The Company was incorporated under the laws of the Commonwealth of Massachusetts on February 22, 1979 and commenced business February 12, 1980. The Company is authorized to write all classifications of life insurance, including variable life, variable annuities, and accident / health insurance.

Effective April 28, 2004, JHVLICO's and JHLICO's then-current ultimate parent, John Hancock Financial Services, Inc. ("JH Financial"), merged into Manulife Financial. Approvals for the transaction were received from United States insurance regulatory authorities in Massachusetts, Delaware and Vermont, as well as the Federal Reserve Board. It was also approved by Canada's Office of the Superintendent of Financial Institutions and the Minister of Finance.

Growth of the Company

Selected financial data depicting the growth of the Company (in millions) for the years 2003 to 2007 is shown in the following schedule:

Year	Admitted Assets, ex. Separate Account	Separate Account Assets	Liabilities, excluding Separate Account	Separate Account Liabilities	Common Capital Stock	Gross Paid-in and Contributed Surplus	Unassigned Surplus
2007	$7,182.9	$7,968.8	$6,573.5	$7,968.8	$2,500.0	$572.4	$34.5
2006	7,096.1	7,379.4	6,419.6	7,379.4	2,500.0	572.4	101.6
2005	6,565.1	7,535.3	5,812.4	7,535.3	2,500.0	572.4	177.8
2004	6,020.5	7,954.9	5,209.7	7,954.9	2,500.0	572.4	235.9
2003	5,150.8	6,881.9	4,481.4	6,881.9	2,500.0	572.4	94.5

Dividends to Stockholders

The Company declared and paid the following dividends to stockholders during the examination period:

Year	Amount
2007	$150,000,000
2006	95,000,000
2005	175,000,000
2004	-0-
2003	-0-

MANAGEMENT AND CONTROL

Board of Directors

Per the minutes of the annual meeting of the stockholder of the Company, the directors elected and serving the Company at December 31, 2007, with principal occupation, were as follows:

Director	Principal Occupation	Term Expires
John D. DesPrez III	Chairman, President and Chief Executive Officer, John Hancock Life Insurance Company	2008
James R. Boyle	Executive Vice President US Insurance, John Hancock Life Insurance Company	2008
Jonathan Chiel	Executive Vice President and General Counsel, John Hancock Life Insurance Company	2008
Hugh McHaffie	Executive Vice President US Wealth Management, John Hancock Life Insurance Company	2008
Warren A. Thomson	Executive Vice President - Global Investment Management, John Hancock Life Insurance Company	2008

Scott S. Hartz	Senior Vice President and Chief Investment Officer, John Hancock Life Insurance Company	2008
Lynne Patterson	Senior Vice President and Chief Financial Officer, John Hancock Life Insurance Company	2008

Senior Officers

In accordance with the minutes of the Board of Directors' meetings, senior officers serving the Company as of December 31, 2007 were as follows:

Officer	Responsibility
John D. DesPrez III	Chairman and Chief Executive Officer
James R. Boyle	President
Jonathan Chiel	Executive Vice President and General Counsel
Steven Finch	Executive Vice President – Life Insurance
Hugh McHaffie	Senior Vice President – US Wealth Management
Lynne Patterson	Senior Vice President and Chief Financial Officer
Scott S. Hartz	Senior Vice President and Chief Investment Officer
Richard Harris	Vice President and Appointed Actuary
Lynn L. Dyer	Vice President, Counsel and Chief Compliance Officer
Emanuel Alves	Vice President, Counsel and Corporate Secretary
Warren A. Thompson	Vice President – Global Investment Management

Committees of the Board of Directors

JHVLICO's amended and restated by-laws, as adopted on May 19, 2006, provide that the Board of Directors may designate an Executive Committee and one or more other committees, each such committee to consist of such number of directors, not less than two, as from time to time may be fixed by the Board of Directors. Thereafter, members of each such committee may be designated at the annual meeting of the Board of Directors or at any other time. Each committee shall have and may exercise such powers of the Board as shall be specified by the Board. An action by any such committee shall, for the purposes of the by-laws and otherwise be deemed the same as an action by the Board. The following committees were designated by the Board of Directors as of December 31, 2007.

COMMITTEE OF FINANCE

Scott S. Hartz, Chair
Jonathan Chiel
Lynne Patterson
Warren A. Thomson

Principal responsibilities (as set out in the Committee's Charter):

1. Oversees and supervises the investment activities of the Company including, without limitation, the promulgation and adoption of any investment or credit policies or guidelines;
2. Authorizes the investing and loaning of the funds of the Company (except loans on its own policies) including, without limitation, the purchase and sale of debt and equity securities, mortgages and real estate (including the Company's own property), the lending of any such securities and the lease of any such real estate or property;

3. Oversees and supervises the Company's banking relationships including, without limitation, the approval of banks and banking institutions as depositories for the Company; and
4. Retains affiliates or investment advisors to manage general or separate accounts of the Company.

AUDIT COMMITTEE

Lynne Patterson, Chair
Jonathan Chiel
Scott S. Hartz
Warren A. Thomson

Principal responsibilities (as set out in the Committee's Charter):

1. Receives, reviews and transmits to the Board the annual reports of the independent public accountants on the financial condition and operating results of the Company, the reports of the Massachusetts Division of Insurance on its financial examinations and, to the extent it deems appropriate, any other financial, accounting or actuarial information that shall have come to its attention, accompanied in each case by such comments and recommendations as the Committee shall wish to make;
2. Reviews the Company's audited financial statements and quarterly financial statements;
3. Reviews such reports and communications from the independent auditor as are submitted to the Committee from time to time; and
4. Receives and reviews periodic reports from the internal auditor and advises the Board annually as to the adequacy of the Company's system of internal controls over financial reporting.

Corporate Records

Articles of Incorporation and By-laws

The Company's articles of incorporation have not been amended during the period covered by the examination. The Company's by-laws were amended in April 2005 and May 2006. The 2005 amendment established the number of members of directors of the corporation at five; previously, the number of directors was not less than five or more than nine. In 2006 several items were changed including: (a) requiring that the annual meeting of the corporation be held within six months of the fiscal year end (vs. the second Wednesday in May); (b) establishing the quorum for a board meeting at a majority of the Board of Directors (vs. at least four directors); (c) permitting the Board of Directors to act without a meeting (vs. the requirement that a meeting be held); (d) permitting participation by telephone (new provision – not previously permitted); (e) establishing the minimum of members of the executive committee at two directors (vs. three); (f) expanding the required approvals for contracts, loans, checks and deposits to certain senior officers or their designees (formerly generally limited to the Chair and Vice-Chair of the Board, committees of the Board, the CEO and the CFO.)

Disaster Recovery and Business Continuity

The Company provides for the continuity of management and operations in the event of a catastrophe or national emergency in accordance with M.G.L. c. 175 ss. 180M-180Q.

Board of Directors Minutes

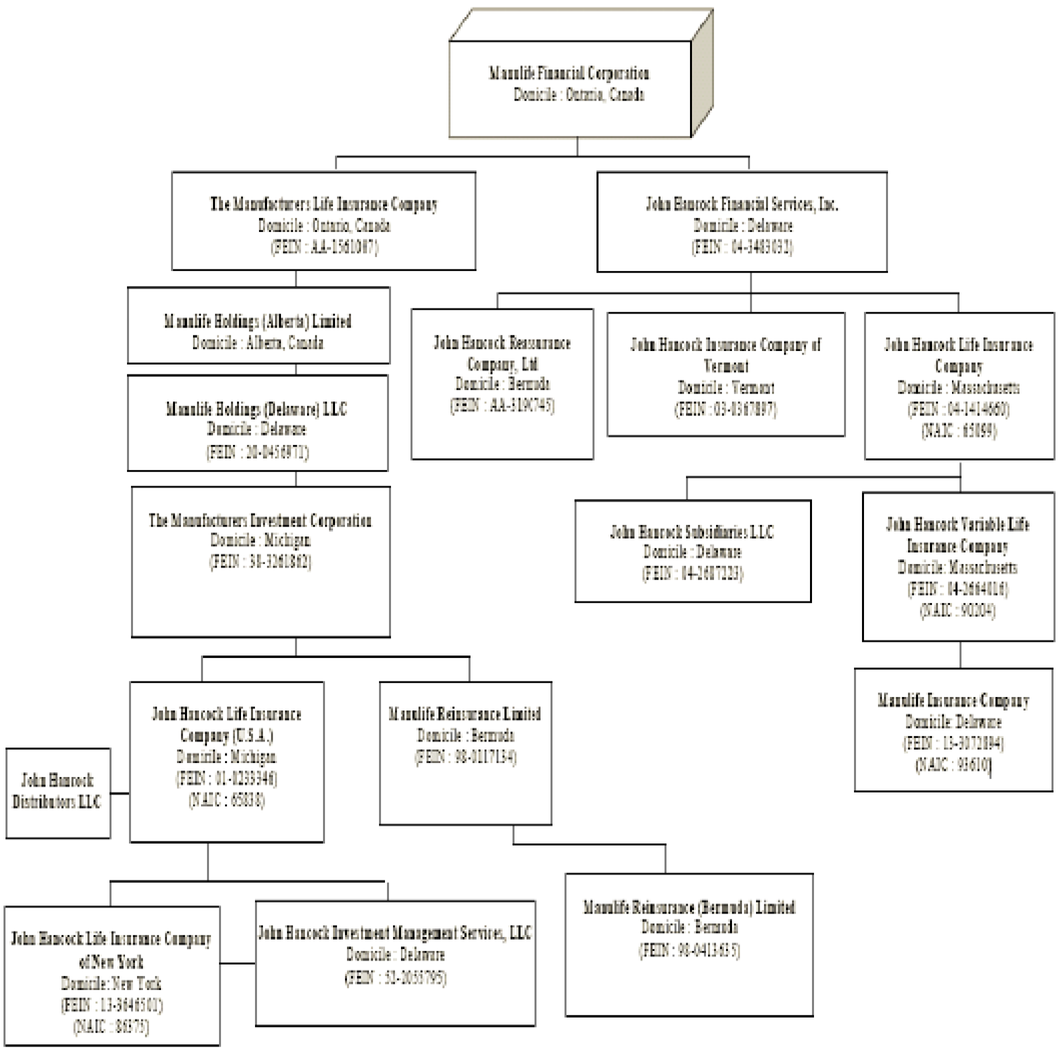
The minutes of the Board of Directors and Committee meetings for the period under statutory examination were read and indicated that all meetings were held in accordance with the Company by-laws and the laws of the Commonwealth of Massachusetts.

Conflict of Interest

As a subsidiary of Manulife Financial Corporation, the Company has in place a Code of Business Conduct and Ethics, which outlines standards and expectations of all employees and representatives. All employees, officers, and directors are required to sign a conflict of interest disclosure form to certify they have read, reviewed, and are in compliance with the Code. Disclosure statements of key officers and directors were reviewed and no exceptions were noted

AFFILIATED COMPANIES

The Company is a member of a holding company system and is subject to the registration requirements of M.G.L. Chapter 175, Section 206C. Accordingly, the Company filed a completed Registration Statement Form B on behalf of itself and certain affiliates. The "ultimate controlling person" of the group is Manulife Financial Corporation, the Company's ultimate parent.



Agreements with Affiliates

As of December 31, 2007 the Company had the following agreements with its parent, subsidiaries and affiliates:

1. Liquidity Pool and Loan Facility Agreement. The Company has participated in a Liquidity Pool since May 2005. The Liquidity Pool is managed by John Hancock Life Insurance (USA) ("JHUSA") and permits designated affiliates to invest their excess cash. Terms of operation and participation in the Liquidity Pool were set out in two Liquidity Pool agreements effective May 28, 2004 and May 27, 2005. The two agreements have been consolidated and replaced by a Restated Liquidity Pool agreement, effective September 21, 2007, pursuant to which participating companies are permitted to invest up to an aggregate amount of $5 billion in US currency. The restated agreement also permits designated participating companies to invest up to an aggregate amount of $200 million in Canadian currency. Interest payable on US dollar deposits is reset daily to the one-month U.S. Dollar London Inter-Bank Bid Rate, while interest on Canadian dollar deposits is reset daily to the one-month Canadian Dollar Offering Rate. The Company had investments in the Liquidity Pool of $89.7 million, $202.0 million, and $136.1 million as of December 31, 2007, December 31, 2006 and December 31, 2005, respectively.

2. Service Agreement. The Company had a service agreement effective January 1, 2005 with its direct parent company, JHLICO, to provide services including, but not limited to, administrative, information technology, investment advisory, investment management and support services (the "Services"). The fee for the Services provided under the agreement is determined at fair market value by reference to the arm's length principle proposed by the Organization for Economic Cooperation and Development, and adopted by the Internal Revenue Service pursuant to Section 482 of the United States Internal Revenue Code.

3. Federal Income Tax Agreement. As disclosed Footnote 9 of the Company's 2007 Annual Statement, the Company's Federal Income Tax return is consolidated with the following affiliated entities: JH Financial, JHLICO, Manulife Insurance Company, John Hancock Reassurance Company, Ltd., John Hancock Subsidiaries LLC, John Hancock International Holdings, Inc., and John Hancock Insurance Company of Vermont. The consolidated federal income tax liability for the group is allocated to members in accordance with the Internal Revenue Code of 1986 as amended. Inter-company tax balances are settled in accordance with the payment of estimated taxes.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a financial institution fidelity bond (Form 25) that covers all companies in the Manulife Financial group. The amount of coverage appears adequate based upon NAIC recommended amounts.

The Company is also a named insured on policies for all companies in the Manulife Financial group for the following coverages: all risk property, terrorism, boiler and machinery, general liability, business automobile liability, workers' compensation and employers' liability, commercial umbrella liability for excess loss, various hazards including oil and gas, professional liability, employment practices liability and Directors' and Officers' liability. All policies evidencing the above coverages were with licensed carriers and were in force at December 31, 2007.

PENSION AND INSURANCE PLANS

The Company sponsors benefit plans complying with Employee Retirement Income Security Act ("ERISA") and the Internal Revenue Code ("IRC") covering two groups of associates: salaried employees, and owners, agents and clerical associates in the John Hancock General Agencies ("General Agencies"). Within the plans, these two groups receive benefits, the nature and level of which vary with the group to which an associate belongs.

Each group participates in a defined benefit cash balance plan. Pension benefits for both groups are provided through a group annuity contract with the Company. The Company also has non-qualified plans covering senior officers, select management and high producing agents of General Agencies as defined in Section 401(a) of the IRC. Each plan is designed to provide benefits in addition to those provided under the qualified pension plan.

There are two 401(k) savings plans; one for salaried employees and the other for associates in General Agencies. Agent eligibility is determined by the type of contract held with the Managing Partner. Managing Partners may contribute to the 401(k), but as owner-participants they are not eligible for matching contributions.

The following health and welfare benefits are available to the active groups: medical, dental, vision, employee life insurance (basic and optional), accidental death & dismemberment (basic and optional), health care flexible spending accounts, long term disability, and long term care. Additionally, salaried employees have available dependent life insurance, dependent care flexible spending accounts and short term disability. The salaried clerical employees in General Agencies have short term disability. Medical, dental, vision, health reimbursement accounts and dependent care reimbursement accounts are offered to active associates through IRC Section 125 plans. Retiree health and welfare benefits are limited to medical plans and basic life insurance. New hires or contracted agents will not have retiree group insurance.

SPECIAL DEPOSITS

All special deposits reported by the Company are held for the benefit of all policyholders. Special deposits of the Company at December 31, 2007 were as follows:

Jurisdiction	Securities	Statement Value	Market Value
Arizona	U.S. Treasury Bills, 4.875% due 10/31/2008	$ 157,257	$ 158,901
Arkansas	U.S. Treasury Bills, 4.875% due 10/31/2008	131,214	132,586
California	Bank of America 3.920% due 02/14/2008	100,000	100,000
Georgia	U.S. Treasury Bills, 4.875% due 10/31/2008	37,061	37,448
Kansas	U.S. Treasury Bills, 4.875% due 10/31/2008	131,214	132,586
Kentucky	U.S. Treasury Bills, 2.625% due 05/15/08	500,121	498,710
Massachusetts	U.S. Treasury Bills, 4.875% due 10/31/2008	2,089,411	2,111,261
New Mexico	U.S. Treasury Bills, 4.875% due 10/31/2008	131,214	132,586
New York	U.S. Treasury Bills, 4.875% due 10/31/2008	5,308,666	5,364,186
North Carolina	U.S. Treasury Bills. 3.125% due 09/15/2008	400,019	399,344
North Carolina	U.S. Treasury Bills, 4.875% due 10/31/2008	183,299	185,216
Texas	U.S. Treasury Notes, 7.250% due 05/15/2016	153,761	166,008
Virginia	U.S. Treasury Bills, 4.875% due 10/31/2008	209,342	211,531
Puerto Rico	Puerto Rico Housing Finance Agency, 0.0% due 01/01/14	664,188	633,498
	Totals	$10,196,767	$10,263,861

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

JHVLICO is licensed to transact business as a life and health insurer in the Commonwealth of Massachusetts and all states except New York, as well as in the District of Columbia and Puerto Rico.

Certificates of Authority and/or other evidence of permission to do business in the respective states were reviewed and found to be in proper order and effect.

JHVLICO's primary businesses consist of fixed and variable universal life as well as term life insurance products to individuals. Although the Company no longer writes new fixed and variable annuities, it maintains existing fixed and variable annuities contracts.

Treatment of Policyholders – Market Conduct

During the financial examination of the Company, the Division's Market Conduct Department initiated a comprehensive market conduct examination of the Company for the period January 1, 2007 through December 31, 2007. This market conduct examination was called pursuant to authority in M.G.L. Chapter 175, § 4. The market conduct examination is being conducted at the direction of, and under the overall management and control of, the market conduct examination staff of the Division. Representatives from the firm of Rudmose & Noller Advisors, LLC were engaged to complete certain agreed upon procedures which were developed using the guidance and standards of the NAIC Market Conduct Examiner's Handbook, the market conduct examination standards of the Division, and the Commonwealth of Massachusetts insurance laws, regulations and bulletins. The basic business areas that are being reviewed under this market conduct examination are JHVLICO's operations/management; complaint handling; marketing and sales; producer licensing; policyholder services; underwriting and rating; and claims, in addition to an assessment of the Company's internal control environment. Once this market conduct examination is completed, a Report on the Comprehensive Market Conduct Examination of John Hancock Variable Life Insurance Company for the period January 1, 2007 through December 31, 2007 will be issued and become available as a public document.

Dividends to Policyholders

The Company issues both participating and non-participating annual and single premium policies. Annual dividends are distributed to participating policyholders using the Contribution Principles Method. These principles are applied to the underlying experience factors and policy factors associated with the particular policies involved.

Dividends to policyholders for the period under statutory examination as reflected in the home office copies of the Annual Statements for the years indicated were as follows:

Year	Amount
2007	$21,424,825
2006	21,393,269
2005	20,375,134
2004	19,718,341
2003	19,066,303

REINSURANCE

The Company participates in reinsurance in order to provide greater diversification of business, provide additional capacity for future growth, improve cash flow and statutory capital levels, and generally limit the maximum net loss potential arising from large risks.

The Companies reinsurance needs vary by, and are primarily administered through, each of its business units. Subject to a Company-wide reinsurance policy that emphasizes counter-party market security, the business units select the reinsurer(s) which meet their needs based upon, but not limited to, counter-party financial strength, experience, underwriting and pricing. The Company's Enterprise Risk Management ("ERM") area is also responsible for approving reinsurance transactions that do not meet the Company's minimum counter-party standards. Aggregate reinsurance exposures are discussed periodically with the ERM Committee, which is comprised of senior executives from various areas of the Company.

The Company's retention limit for single life policies is $20 million and $25 million for most survivorship business. Excess amounts are reinsured on a YRT basis. All products are generally reinsured on a YRT basis for 80% of the mortality risk. Insurance risks originating from FlexV and MVL policies are 50% reinsured to JHLICO through a modified coinsurance agreement (effective January 1, 2004).

The Company's ceded reinsurance is primarily undertaken as indemnity reinsurance, which does not discharge the Company as the primary insurer. Ceded balances would represent a liability to the Company in the event that the reinsurers were unable to meet their obligations to the Company under terms of the reinsurance agreement. The Company periodically reviews the financial condition of its reinsurers and amounts recoverable, recording an allowance when necessary for uncollectible reinsurance.

As of December 31, 2007, the Company recorded ceded premiums in the amount of approximately $452 million dollars, $105 million of which was ceded to affiliates, both authorized and unauthorized. Policy and contract liabilities corresponding to these ceded premiums amounted to approximately $1.86 billion dollars. Funds withheld from unauthorized reinsurers amounted to approximately $503 million dollars.

The only material reinsurance transaction executed by the Company since the prior exam and included in the above is a 2007 amendment to its treaty with Manulife Reinsurance Bermuda Ltd., an unauthorized affiliate whereby reserves credits were taken in the amount of approximately $353 million on a coinsurance funds withheld basis.

The Company does not participate in any assumed reinsurance business.

The examination team reviewed a sample of the material reinsurance agreements to determine the extent of risk transfer. The agreements reviewed appeared to adequately transfer risk.

SUBSEQUENT EVENTS

The Boards of Directors of JHLICO and JHVLICO have authorized the companies to merge with John Hancock Life Insurance Company (U.S.A) ("JHUSA"). The merger is subject to regulatory approvals from insurance regulators in Massachusetts and Michigan and in the other jurisdictions where the companies are licensed. If approved, the merger is expected to become effective on December 31, 2009. Pursuant to the terms of the proposed merger, JHLICO and JHVLICO would cease to exist, and the companies' assets and obligations would be assumed by JHUSA.

ACCOUNTS AND RECORDS

The internal controls structure was discussed with management through a series of questionnaires and through a review of the work performed by the Company's independent certified public accounting firm, Ernst & Young. A review and evaluation of the control environment of JHLICO's information systems was also performed. The NAIC's Information Systems Questionnaire completed by the Company was reviewed and interviews with Company management and 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, Wide Area Network and Internet Controls. The control environment of the Company's information systems was found to have in place sufficient internal controls.

The Company's general ledger system, LAWSON maintains the Company's accounts for reporting on the following accounting bases: Generally Accepted Accounting Principles ("GAAP") in the United States, Canada and Bermuda; US Statutory Accounting Principles; Office of the Superintendent of Financial Institutions (Canada) and tax.

At entry level, the system has "reporting elements" within the general ledger accounts that are specific for GAAP or statutory accounting. The reporting elements are used to guide transaction recording to the proper entity and to assure proper GAAP or statutory recording. Within each entity, the reporting elements are broken down further into a series of reporting elements for cost allocation purposes. At this level, combined reporting elements within the general ledger accounts form cost centers for expense allocation purposes. Expenses are captured by different cost centers and then allocated to various reporting elements by ratios that are determined by product line and function. Certain trails of information were traced from support documentation through the accounting system with no material errors noted.

The books and records of the Company are subject to review by the Company's internal audit department and are audited annually by Ernst & Young, independent certified public accountants, in accordance with 211 CMR 23.

FINANCIAL STATEMENTS

The financial statements section includes the following:

Statement of Assets, Liabilities, Surplus, and Other Funds as of December 31, 2007

Summary of Operations for the year ended December 31, 2007

Capital and Surplus for the year ended December 31, 2007

Reconciliation of Capital and Surplus for the Five Year Period ended December 31, 2007

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, 2007.

John Hancock Variable Life Insurance Company
Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31, 2007

Assets	**As Reported by the Company**	**Examination Changes**	**Per Statutory Examination**
Bonds	$ 4,628,704,100	$ 0	$ 4,628,704,100
Stocks:			
Preferred stocks	51,557,026		51,557,026
Common stocks	133,058,104		133,058,104
Mortgage loans on real estate:			
First liens	1,069,919,681		1,069,919,681
Real estate:			
Properties occupied by the company	112,660,070		112,660,070
Properties held for production of income	147,670,512		147,670,512
Cash, cash equivalents and short-term investments	(15,104,457)		(15,104,457)
Contract loans	367,355,929		367,355,929
Other invested assets	186,548,674		186,548,674
Receivable for securities	4,133,125		4,133,125
Aggregate write-ins for invested assets	(1,508,584)		(1,508,584)
Subtotals, cash and invested assets	6,684,994,180		6,684,994,180
Investment income due and accrued	73,332,873		73,332,873
Premiums and considerations:			
Uncollected premiums and agents' balances	(7,352,487)		(7,352,487)
Deferred premiums booked but not yet due	178,934,249		178,934,249
Reinsurance ceded:			
Amounts recoverable from reinsurers	26,847,629		26,847,629
Other amounts receivable under reinsurance contracts	925,561		925,561
Current federal and foreign income tax recoverable	28,544,600		28,544,600
Guaranty funds receivable or on deposit	85,601		85,601
Receivable from parent, subsidiaries and affiliates	188,841,329		188,841,329
Aggregate write-ins for other than invested assets	7,785,100		7,785,100
Total assets excluding Separate Accounts business	7,182,938,635		7,182,938,635
From Separate Accounts statement	7,968,782,307		7,968,782,307
Total Assets	$ 15,151,720,942	$ 0	$ 15,151,720,942

John Hancock Variable Life Insurance Company
Statement of Assets, Liabilities, Surplus and Other Funds (Continued)
As of December 31, 2007

Liabilities	**As Reported by the Company**	**Examination Changes**	**Per Statutory Examination**
Aggregate reserve for life contracts	$ 5,624,961,451	$ 0	$ 5,624,961,451
Liability for deposit-type contracts	44,591,899		44,591,899
Contract claims:			
Life	34,951,895		34,951,895
Policyholders' dividends due and unpaid	100,664		100,664
Provision for policyholders' dividends and coupons			
Dividends apportioned for payment	8,311,335		8,311,335
Dividends not yet apportioned	13,445,890		13,445,890
Premiums and annuity considerations received in advance	1,131,597		1,131,597
Contract liabilities not included elsewhere:			
Other amounts payable on reinsurance	16,277,214		16,277,214
Interest Maintenance Reserve	1,845,740		1,845,740
Commissions to agents due or accrued	48,801,791		48,801,791
General expenses due or accrued	1,550,088		1,550,088
Transfers to Separate Accounts due or accrued	(50,238,569)		(50,238,569)
Taxes, licenses and fees due or accrued, excluding federal income taxes	(6,546,200)		(6,546,200)
Current federal and foreign income taxes due	72,603,665		72,603,665
Net deferred tax liability	47,152,038		47,152,038
Amounts withheld or retained by company as agent or trustee	57,704		57,704
Remittances and items not allocated	(1,065,403)		(1,065,403)
Asset valuation reserve	84,669,061		84,669,061
Reinsurance in unauthorized companies	2,412,639		2,412,639
Funds held under reinsurance treaties with unauthorized reinsurers	502,457,017		502,457,017
Payable to parent, subsidiaries and affiliates	125,034,922		125,034,922
Aggregate write-ins for liabilities	997,331		997,331
Total liabilities excluding Separate Accounts	6,573,503,769		6,573,503,769
From Separate Accounts statement	7,968,782,307		7,968,782,307
Total Liabilities	14,542,286,076		14,542,286,076
Common capital stock	2,500,000		2,500,000
Gross paid-in and contribuited surplus	572,400,000		572,400,000
Unassigned funds (surplus)	34,534,868		34,534,868
Total capital and surplus	609,434,868		606,934,868
Total Liabilities, Capital and Surplus	$ 15,151,720,944	$ 0	$ 15,151,720,944

John Hancock Variable Life Insurance Company
Summary of Operations
For the Year Ended December 31, 2007

	As Reported by the Company	Examination Changes	Per Statutory Examination
Premium and annuity considerations	$ 663,563,804	$ 0	$ 663,563,804
Considerations for supplementary contracts with life contingencies	1,649,228		1,649,228
Net investment income	359,297,003		359,297,003
Amortization of interest maintenance reserve	(1,635,012)		(1,635,012)
Commissions and expense allowances on reinsurance ceded	63,691,007		63,691,007
Reserve adjustments on reinsurance ceded	35,175,102		35,175,102
Income from fees associated with investment management, administration and contract guarantees from Sep. Accounts	272,739,960		272,739,960
Aggregate write-ins for miscellaneous income	47,998,107		47,998,107
Totals	1,442,479,199		1,442,479,199
Death benefits	131,425,082		131,425,082
Annuity benefits	8,082,030		8,082,030
Disability benefits and benefits under A&H policies	3,943,653		3,943,653
Surrender benefits and other fund withdrawals	845,618,064		845,618,064
Group conversions	165,082		165,082
Interest and adjustments on contract or deposit-type contract funds	3,102,377		3,102,377
Increase in aggregate reserves for life and accident and health policies and contracts	(165,304,885)		- (165,304,885)
Totals	827,031,403		827,031,403
Commissions on premiums, annuity considerations and deposit-type funds	115,504,513		115,504,513
General insurance expenses	50,055,444		50,055,444
Insurance taxes, licenses and fees, excl. federal income taxes	18,348,958		18,348,958
Increase in loading on deferred and uncollected premiums	7,227,941		7,227,941
Net transfers to or (from) Separate Accounts	(158,533,844)		(158,533,844)
Aggregate write-ins for deductions	365,638,998		365,638,998
Totals	1,225,273,413		1,225,273,413
Net gain from operations before dividends to policyholders and federal income taxes	217,205,786		217,205,786
Dividends to policyholders	21,424,825		21,424,825
Net gain from operations after dividends to policyholders and before federal income taxes	195,780,961		195,780,961
Federal income taxes incurred (excluding tax on capital gains)	43,131,396		43,131,396
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	152,649,565		152,649,565
Net realized capital gains or (losses)	15,365,318		15,365,318
Net Income	$ 168,014,883	$ 0	$ 168,014,883

John Hancock Variable Life Insurance Company
Capital and Surplus
For the Year Ended December 31, 2007

	As Reported by the Company	Examination Changes	Per Statutory Examination
Capital and surplus, December 31, 2006	$ 676,481,440	$ 0	$ 676,481,440
Net income	168,014,883		168,014,883
Change in net unrealized capital gains less capital gains tax	(613,561)		(613,561)
Change in net unrealized foreign exchange capital gains and (loss)	37,630		37,630
Change in net deferred income tax	(5,900,347)		(5,900,347)
Change in nonadmitted assets and related items	1,046,253		1,046,253
Change in liability for reinsurance in unauthorized companies	(507,308)		(507,308)
Change in asset valuation reserve	(2,057,185)		(2,057,185)
Dividends to stockholders	(150,000,000)		(150,000,000)
Aggregate write-ins for gains and losses in surplus	(77,066,938)		(77,066,938)
Net change in capital and surplus for the year	(67,046,573)		(67,046,573)
Capital and surplus, December 31, 2007	$ 609,434,867	$ 0	$ 609,434,867

[redacted]

NOTES TO THE FINANCIAL STATEMENTS

Note 1- Deferred Premiums

When calculating its Deferred Premium Asset ("DPA"), the Company, under guidance contained in SSAP No 51, makes an adjustment to the admitted DPA by reducing an amount for "loading". For certain blocks of business, primarily level term life, where the gross premium is less than the statutory net premium, and where a premium deficiency reserve is required and established, the corresponding loading is a negative amount. Following the same guidance used to calculate the DPA for policies with positive loading, the reduction of negative loading results in an adjustment that increases the admitted DPA.

The Company believes the guidance in SSAP No 51 is unclear and subject to interpretation and continues to generate non-uniform interpretation throughout the industry. This is evident by the existence of other insurers in the industry that believe the intent of SSAP No 51 is to "floor" the loading at zero, and that reducing the DPA for loading, if any, should only apply to loading amounts greater than zero.

The Company has indicated that the existing premium deficiency reserves, net of the negative loading included in the DPA, are redundant. The Company has provided supplemental reserve analysis specific to the products requiring premium deficiency reserves, including the level term life block noted above. A review of this reserve analysis indicated that those policies requiring a premium deficiency reserve are sufficiently reserved to provide for future obligations and the entire deficiency reserve is redundant. Therefore, the Company's calculation of its DPA will remain undisputed pending clarification from the NAIC

Note 2 – Aggregate Reserves for Life and Accident and Health Contracts

Deloitte Consulting LLP was retained by the Massachusetts Division of Insurance to complete a detailed review of the statutory reserves and related actuarial items held by the Company as of December 31, 2007. This included a review of reserving methodologies, assumptions, reserve calculations, and compliance with Massachusetts insurance laws and regulations. Deloitte Consulting relied upon the accuracy and completeness of the data underlying the reserve calculations in its work; however, the accuracy and completeness of the underlying data was tested by the financial examination team and found to be reliable.

Testing procedures were performed, and based on those procedures it was determined that the aggregate statutory reserves and related actuarial items:

- Are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- Are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
- Meet the requirements of the insurance laws and regulations of the Commonwealth of Massachusetts and meet the requirements of the NAIC Accounting Practices and Procedures Manual;
- Include provision for all actuarial reserves and related statement items that ought to be established.

In accordance with applicable Division and NAIC insurance guidance, the Company records as liabilities in its financial statements actuarially determined interest-discounted reserves that are calculated to meet future contractual obligations under outstanding policies and claims. The reserves are based on statutorily recognized methods, generally using prescribed morbidity and mortality tables and interest rates. These reserves include provisions for unearned premiums; future claims in excess of future premium (i.e. additional contract reserves); and future payment on claims that have been incurred, whether reported or not reported as of the valuation date (i.e. claim reserves including disabled life reserves and incurred-but-not-reported reserves). In addition, there is a reserve for claim settlement expenses on such future claim payments for incurred claims.

Per the Standard Valuation Law (SVL) and Massachusetts Insurance Law Chapter 175, Section 9, the minimum statutory reserve valuation method for individual life policies is the Commissioners' Reserve Valuation Method (CRVM). Per Exhibit 8(A) of the Company's 2007 statutory Annual Statement, CRVM is the valuation method for most individual life policies. For certain traditional life polices the valuation method used is the Net Level Premium Method (NLP) which are usually greater than CRVM reserves. Certain of the term policies are subject to Regulation XXX, resulting in additional deficiency reserves. For Universal Life policies, a CRVM reserve is calculated in accordance with the Universal Life Insurance Model Regulation. Where applicable, a reserve for secondary guarantees is calculated in accordance with the Valuation of Life Insurance Policies Model Regulation (XXX) and Actuarial Guideline 38 (AG 38), as appropriate to the issue date, and the higher of these two reserves is held. "X" factors have been used in the determination of minimum reserves under Regulation XXX and AG 38. The procedures performed on the life insurance reserves included a review of methodologies and assumptions, an analysis of reserve trends over the examination period of 2003-2007, and an independent recalculation of statutory reserves for a sample of life insurance policies. Overall, life insurance reserves were found to meet or exceed minimum statutory standards. In addition to following statutorily prescribed assumptions and methods, there were no unexplainable unusual patterns in reserves over the examination period of 2003-2007.

Per the SVL and Chapter 175 Sec 9, the minimum statutory reserve valuation method for deferred annuity policies is the Commissioners' Annuity Reserve Valuation Method (CARVM). Reserves for deferred annuities are calculated according to the CARVM methodology using the issue year basis. The calculation is an integrated reserve calculation complying with Actuarial Guideline 33 (AG 33) and Actuarial Guideline 34 (AG 34). The reserve is equal to the maximum for all future durations of the present values of all benefit streams terminating at those durations with either surrender or annuitization, but not less than the larger of cash surrender value on the valuation date and 93% of account value on the valuation date. The procedures performed on the deferred annuity reserves included a review of methodologies and assumptions, an analysis of reserve trends over the examination period of 2003-2007, and an independent recalculation of statutory reserves for a sample of life insurance policies. Overall, annuity reserves were found to meet or exceed minimum statutory standards. In addition to following statutorily prescribed assumptions and methods, there were no unexplainable unusual patterns in reserves over the examination period of 2003-2007.

We reviewed key reinsurance contracts and found that the reinsurance arrangements satisfy Massachusetts risk transfer requirements. We noted that the Company develops its reinsurance programs for the purpose of risk and capital management, consistent with other programs used in the industry.

We reviewed the Company's development of RBC amounts for C3 Phase I and C3 Phase II and found that the amounts were developed reasonably.

The Company performs asset adequacy analysis testing to determine whether the assets supporting the statutory reserves are sufficient to meet the Company's obligations to its policyholders. The Company used a cash flow testing methodology to perform asset adequacy testing and demonstrated asset adequacy on a line of business basis. Supporting documentation for the Company's asset adequacy analysis was reviewed and found to be sound and reasonable. We observed some minor deficiencies regarding content of the Actuarial Memorandum, and with one of the sensitivity tests performed, however, these observations do not change our overall conclusion that based on the Company's asset adequacy analysis as documented in the Actuarial Memorandum, the Company's assets reasonably support the company's statutory reserves.

Based on the actuarial review, it was concluded that reserves are adequate and in aggregate meet or exceed minimum statutory standards.

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 Account investment strategies at the Company encompass a number of different asset classes, depending on investor preference and tolerance for risk. Most Separate Accounts are open-ended (they continue to accept new deposits) and many are pooled funds; that is, they accept contributions from more than one investor. There are also closed-end Separate Accounts with limited deposit or subscription periods and non-pooled Separate Accounts for larger policyholders who require customized investment funds.

Separate Accounts are utilized by the Company for annuity contracts and variable life insurance policies for which the policyholder, and not the Company, bears the investment risk. In addition, Separate Accounts are used for Market Value Adjusted Annuities (MVAs). MVA accounts are adjusted by formula which reflects the relationship between current interest rates and the interest rate guaranteed in the contract. The policyholder, rather than the Company, bears the investment risk on MVA accounts.

Separate Account products are also available to both institutional policyholders and individual policyholders through the Wealth Management Fixed Products ("WMFP") sector of the Company. Institutional Separate Accounts are marketed principally to sponsors of retirement and savings plans covering employees of private sector companies and plans covering public employees and collective bargaining unions and nonprofit organizations. Products are marketed and sold through a combination of WMFP field employee representatives, as well as marketing personnel and investment professionals employed by the Company. Generally, the policyholder, rather than the Company, bears the investment risk. However, certain Separate Account group annuity and group health (and funding agreement) products provide various contractual investment and benefit guarantees.

All Separate Account assets and liabilities are segregated from the general assets of the Company and are administered by the Company for the benefit of the policyholders. Investment management for the Separate Accounts is principally provided by the Company or its subsidiaries and affiliates. Subsidiaries and affiliates providing investment management include: Declaration Management & Research LLC, Hancock Capital Investment Management LLC, Hancock Natural Resource Group, Inc. and John Hancock Advisers, LLC.

Investment management for the Separate Accounts may also be provided by investment management firms not related to the Company or its subsidiaries or affiliates. In addition to complying with all rules or regulations pertaining to investment management of Separate Accounts, any sub-advisor hired to manage Separate Account assets is also subject to the Company's due diligence and oversight. Portfolio transactions on behalf of the Separate Accounts are carried out in accordance with stated investment policy objectives and guidelines. The Company receives administrative and policy fees from the Separate Accounts. Each Separate Account policyholder receives a statement on his or her participation in the Separate Account at least annually, although quarterly statements are typical.

SEPARATE ACCOUNTS FINANCIAL STATEMENTS

The financial statements section includes the following:

Statement of Assets, Liabilities and Surplus as of December 31, 2007

Summary of Operations and Surplus Account for the year ended December 31, 2007

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, 2007.

John Hancock Variable Life Insurance Company
Separate Account Business
Statement of Assets, Liabilities, and Surplus
As of December 31, 2007

Assets	**As Reported by the Company**	**Examination Changes**	**Per Statutory Examination**
Bonds	$ 175,703,555	$ 0	$ 175,703,555
Preferred stocks	1,958,495		1,958,495
Common stocks	7,397,486,623		7,397,486,623
Mortgage loans on real estate	1,000,000		1,000,000
Contract loans	368,349,653		368,349,653
Cash and cash equivalents	5,993,216		5,993,216
Other invested assets	94,384		94,384
Aggregate write-ins for invested assets	3,936,128		3,936,128
Investment income due and accrued	14,255,939		14,255,939
Aggregate write-ins for other than invested assets	4,314		4,314
Total Assets	$ 7,968,782,308	$ 0	$ 7,968,782,308
Liabilities and Surplus			
Aggregate reserve for life, annuity and accident and health policies and contracts	$ 7,918,952,753	$ 0	$ 7,918,952,753
Other transfers to general account due or accrued	50,238,558		50,238,558
Payable for securities	(397,983)		(397,983)
Aggregate write-ins for liabilities	(11,020)		(11,020)
Total Liabilities	7,968,782,308		7,968,782,308
Unassigned funds	0		0
Total Surplus	0		0
Total Liabilities and Surplus	$ 7,968,782,308	$ 0	$ 7,968,782,308

John Hancock Variable Life Insurance Company
Separate Account Business
Summary of Operations
For the Year Ended December 31, 2007

	As Reported by the Company	Examination Changes	Per Statutory Examination
Transfers to separate accounts:			
Net premiums and annuity considerations	$ 534,067,032	$ 0	$ 534,067,032
Aggregate write-ins for other transfers to Separate Account	2,988,691		2,988,691
Net Investment income and capital gains and losses	464,605,496		464,605,496
Aggregate write-ins for other income	952,090		952,090
Totals	1,002,613,309		1,002,613,309
DEDUCT:			
Transfers from the separate accounts on account of contract benefits:			
Death benefits	23,458,048		23,458,048
Annuity benefits	15,509,432		15,509,432
Surrender benefits and withdrawals for life contracts	639,341,874		639,341,874
Transfers on account of policy loans	42,394,494		42,394,494
Net transfer of reserves from or (to) Separate Accounts	(26,732)		(26,732)
Other transfers from the separate accounts:			
Federal and foreign income taxes incurred	378		378
Change in expense allowances recognized in reserves	(19,905,587)		(19,905,587)
Aggregate write-ins for other transfers from Separate Accounts	(2,824,742)		(2,824,742)
Fees associated with changes for investment management administration and contract guarantees	272,698,771		272,698,771
Increase in aggregate reserve for life and accident and health poicies and contracts	31,967,373		31,967,373
Totals	1,002,613,309		1,002,613,309
Net gain from operations	$ 0	$ 0	$ 0
SURPLUS ACCOUNT			
Surplus, December 31, previous year	$ 0	$ 0	$ 0
Net gain from operations	0		0
Surplus contributed or (withdrawn) during year	0		0
Surplus, December 31, current year	$ 0	$ 0	$ 0

ACKNOWLEDGEMENT

Report of Certified Financial Examiner

This is to certify that the undersigned is a duly qualified Certified Financial Examiner ("CFE"). Representatives of Deloitte assisted the Division in performing the examination procedures at the direction of and under the overall management of the Division's examination staff. This assistance included a review of accounting records, information systems, actuarially determined assets and liabilities, taxes, and investments, including derivatives.

The undersigned's participation in this Association Financial Examination as the Examiner-In-Charge encompassed responsibility for the coordination and direction of the statutory examination performed which was in accordance with, and substantially complied with, the standards established by the Financial Condition (E) Committee of the NAIC and the *NAIC Financial Condition Examiners' Handbook*. This participation consisted of involvement in the planning and administration of the examination, review of work papers prepared as documentary evidence of examination procedures performed, and preparation of the statutory examination report.

The cooperation and assistance of the officers and employees of John Hancock Life Insurance Company extended to all examiners during the course of the examination is hereby acknowledged.

____

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