NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

JOHN HANCOCK LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2010

DATE OF REPORT: JUNE, 29 2012

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AS OF

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EXAMINER:	JULIUS ASUBONTENG

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Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

November 3, 2014

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 30660, dated February 24, 2011, and annexed hereto, an examination has been made into the condition and affairs of John Hancock Life Insurance Company of New York, hereinafter referred to as “the Company” or “JHNY,” at its home office located at 100 Summit Lake Drive, Valhalla, NY 10595.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

On October 3, 2011, the Insurance Department merged with the Banking Department to create the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material findings, comment and violations contained in this report are summarized below:

- On January 1, 2010, John Hancock Life Insurance Company (USA), a Michigan life insurer, transferred to the Company approximately $7.3 billion of life insurance, fixed and variable annuities, and the corresponding assets supporting the business, reserves and other liabilities related to policyholders who resided in New York State. (See item 3A of this report)
- The Department conducted a review of reserves as of December 31, 2010. During this review, the Department found that the Company's formulaic reserves for certain universal life insurance policies with secondary guarantees ("ULSG") were based on an interpretation that differed from the Department actuary's interpretation of Department Regulation No. 147. The difference in reserves between these two interpretations is substantial, would produce substantially higher reserves, and the ULSG reserve issues identified by the Department's actuary are part of a larger review of reserve methodologies for ULSG products that the National Association of Insurance Commissioners ("NAIC") is currently conducting. The Company agrees that, depending on the outcome of the NAIC's review, additional reserves may be required for some of its ULSG products and that the Company will increase reserves consistent with the NAIC's findings, as appropriate. Until the ULSG reserve issue is resolved, the Department will not issue the Company's certificate of reserve valuation. (See item 6F of this report)
- The Company violated Section 3207(b) of the New York Insurance Law by knowingly issuing policies on the lives of minors with face amounts in excess of the limits allowed. (See item 7B of this report)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2011 Edition* (the "Handbook"). The examination covers the 3-year period from January 1, 2008 through December 31, 2010. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2010 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 7 of this report.

The examination was conducted on a risk focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department and annual statement instructions.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2008 through 2010, by the accounting firm of Ernst & Young, LLP. The Company received an unqualified opinion in all the years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. John Hancock Life Insurance Company (USA) ("JHUSA"), the Company's parent, has an internal audit department and a separate internal control department which were given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations contained in the prior report on examination. The results of the examiner's review are contained in item 9 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on February 10, 1992 under the name of First North American Life Assurance Company. It was licensed and commenced business on July 22, 1992. The Company changed its name to The Manufacturers Life Insurance Company of New York on October 2, 1997. The Company's initial resources of $7,500,000, consisting of common capital stock of $2,000,000 and paid-in and contributed surplus of $5,500,000, were provided through the sale of 2,000,000 shares of common stock (with a par value of $1 each) for $3.75 per share.

The Company was a wholly owned subsidiary of The Manufacturers Life Insurance Company of North America ("MNA"), a Delaware life insurance company. MNA was an indirect wholly owned subsidiary of Manulife USA, a Michigan life insurance company, which in turn was an indirect wholly owned subsidiary of The Manufacturers Life Insurance Company ("MLI"), a Canadian life insurance company. On January 1, 2002, a holding company restructuring took place whereby MNA and its parent merged with and into Manulife USA, and the Company became a wholly owned subsidiary of Manulife USA. On April 28, 2004, Manulife Financial Corporation ("MFC"), the parent company of MLI, merged with John Hancock Financial Services, Inc. On January 1, 2005, Manulife USA was renamed JHUSA and the Company adopted its current name.

On January 1, 2010, approximately $7.3 billion of life insurance, fixed annuity and variable annuity reserves and liabilities related to policyholders who resided in New York State ("NY business"), including the assets supporting the business, were transferred from JHUSA to the Company. The transfer of the NY business was completed pursuant to the merger of John Hancock Life Insurance Company ("JHLICO") and John Hancock Variable Life Insurance Company ("JHVLICO") into JHUSA on December 31, 2009. Since the surviving entity, JHUSA, is not licensed in New York, JHLICO filed a Plan of Withdrawal (the "Plan") with the Department. Pursuant to the Plan, JHUSA transferred substantially all of its NY business to the Company ("NY transfer").

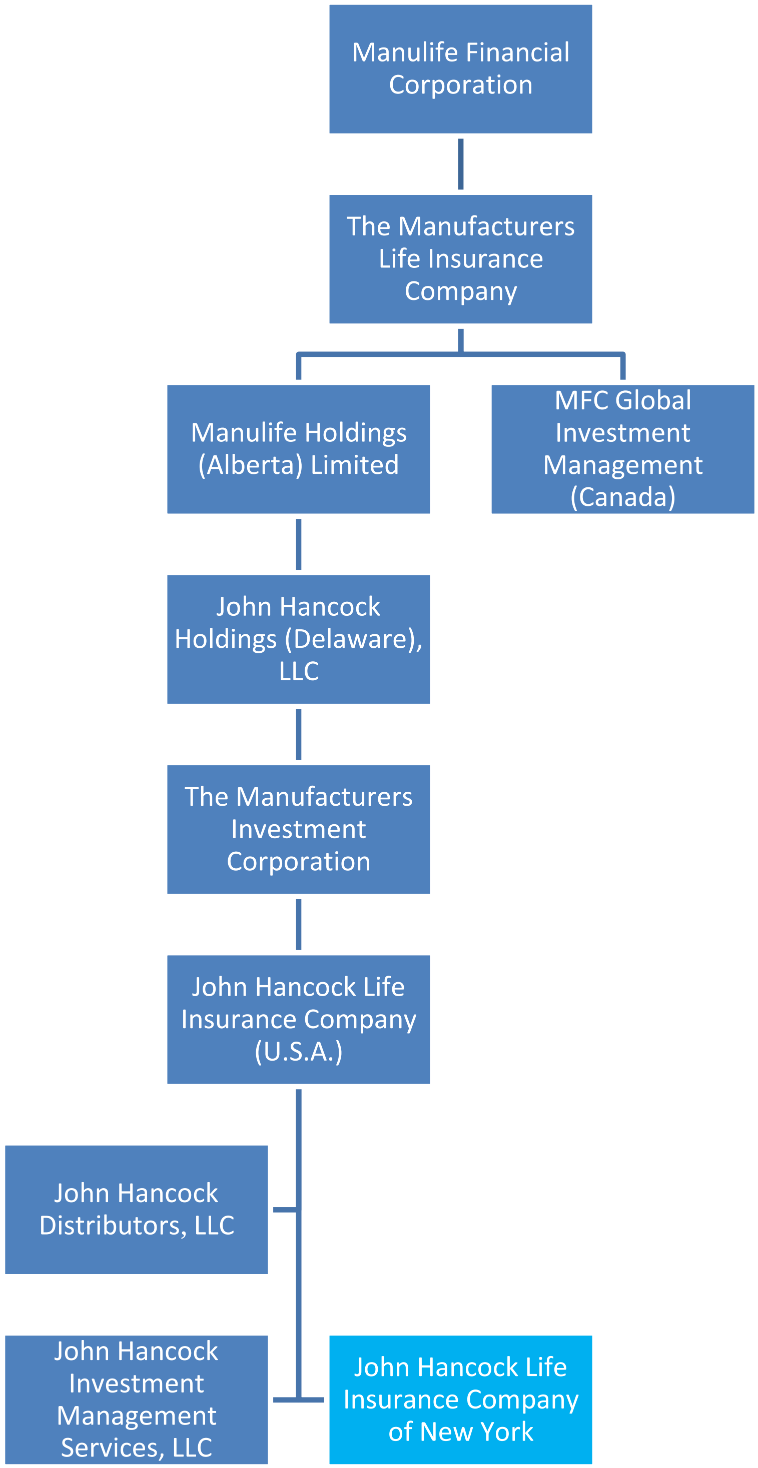
On December 19, 2008, the Company received a capital contribution in the amount of $300,000,000 in cash from its parent, JHUSA. JHUSA credited $299,999,999 of the contribution to JHNY's paid-in surplus and $1 to JHNY's capital stock in exchange for one share of stock from JHNY's authorized, but unissued, shares. On March 25, 2009, JHUSA made a contribution consisting of securities with a market value of $300,000,000 to the Company. JHUSA credited $299,999,999 of the contribution to JHNY's paid-in surplus and $1 to JHNY's capital stock in exchange for one share of stock from JHNY's authorized, but unissued, shares. In November 2009, JHUSA made a surplus contribution of $200,000,000 in cash to JHNY. As of December 31, 2010, capital stock and paid-in and contributed surplus were $2,000,003 and $913,305,621, respectively.

B. Holding Company

The Company is a wholly owned subsidiary of JHUSA, a Michigan life insurance company. JHUSA is in turn a wholly owned subsidiary of The Manufacturers Investment Corporation ("MIC"), a Michigan corporation. The ultimate parent of the Company is MFC, a Canadian-based financial services holding company.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2010 follows:



D. <u>Service Agreements</u>

The Company had five service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	(Expense)* For Each Year of the Examination
Administrative Services Agreement File No. 29199 Amendment No. 1 File No. 33807	01/01/2001 05/01/2005	JHUSA. (formerly MLI)	The Company	Underwriting, Policy Owner Claims, Marketing, Accounting, Functional Support Agent Licensing	2008 $(46,139,969) 2009 $(38,925,263) 2010 $(51,480,386)
Investment Services Agreement File No. 24571D Amendment File No. 27902 Amendment File No. 42127	10/01/1997 08/31/2000 07/27/2009	JHUSA. (formerly MLI)	The Company	Asset Management Services for General Account	2008 $ (1,095,832) 2009 $ (2,178,587) 2010 $(12,671,823)
Underwriting and Distribution Agreement File No. 29805A Restated/ Amended File No. 33198A	01/01/2002 12/01/2009	John Hancock Distributors LLC (formerly Manulife Financial Services, LLC)	The Company	Principal Underwriter, Exclusive Representative for Distributors, Review of Sales & Marketing Materials, Filing with NASD	2008 $ (12,146) 2009 $ (11,471) 2010 $ (11,801)
Investment Advisory Agreement File No. 42201	12/28/2009	MFC Global Investment Management	The Company	Investment Advisor	2010 $ (232,521)
(ALM) Service Agreement File No. 42201	12/28/2009	JHUSA. (formerly MLI)	The Company	Asset Liability Management Services	2010 $ (703,015)

* Amount of (Expense) Incurred by the Company

The Company participates in a federal income tax allocation agreement with its parent and affiliates.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven and not more than 18 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in March of each year. As of December 31, 2010, the board of directors consisted of eight members. Meetings of the board are held quarterly.

The eight board members and their principal business affiliation, as of December 31, 2010, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Thomas N. Borshoff* Pittsford, NY	Self-employed Real Estate Owner/Manager	1999
James R. Boyle Hingham, MA	Chairman of the Board John Hancock Life Insurance Company of New York	1999
Steven A. Finch Milton, MA	Executive Vice President – Life Insurance John Hancock Life Insurance Company (U.S.A.)	2006
Ruth A. Fleming* Short Hills, NJ	Retired Attorney	1992
James D. Gallagher Boston, MA	President John Hancock Life Insurance Company of New York	1999
Scott S. Hartz Duxbury, MA	Executive Vice President - US General Account Investment John Hancock Life Insurance Company (U.S.A.)	2009
Rex Schlaybaugh, Jr* Detroit, MI	Attorney Dykema, Gossett PLLC	2009
John G. Vrysen Hopkinton, MA	Senior Vice President – Strategic Initiatives John Hancock Life Insurance Company (U.S.A.)	2009

* Not affiliated with the Company or any other company in the holding company system

Paul M. Connolly was added to the board in January 2011.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2010:

Name	Title
James D. Gallagher	President
Peter Levitt	Executive Vice President and Treasurer
Lynne Patterson	Senior Vice President and Chief Financial Officer
Emanuel Alves	Vice President, Counsel and Corporate Secretary
Brian Tucker*	Chief Administrative Officer
Richard Harris	Appointed Actuary
Ryan Charland	Illustration Actuary
Jeffery J. Whitehead	Vice President and Controller

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business only in the state of New York. In 2010, 90% of the life premiums and 95% of the annuity considerations were received from New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2010, the Company had $410,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company.

B. Direct Operations

The Company issues individual annuities, individual term life insurance, variable life insurance, and group pension contracts. The Company sells its single premium annuity, fixed annuity and variable annuity products in the employee retirement services market.

The Company's agency operations are conducted on a general agency basis. Variable life and variable annuity products are exclusively distributed by the Company's affiliate, John Hancock Distributors, LLC, pursuant to an underwriting and distribution agreement.

C. Reinsurance

As of December 31, 2010, the Company had reinsurance treaties in effect with 27 companies, of which 16 were authorized or accredited. The Company's life and annuity business is reinsured on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $20 million. The total face amount of life insurance ceded as of December 31, 2010, was $45,365,273,013 which represents 78% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $2,901,256,615, was supported by letters of credit and funds withheld.

The total face amount of life insurance assumed as of December 31, 2010, was $20,925,387,310. The life insurance assumed resulted from the transfer of New York business from the Company's parent, JHUSA.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2007	December 31, 2010	Increase (Decrease)
Admitted assets	$7,320,515,089	$17,155,098,235	$9,834,583,146
Liabilities	$7,097,467,105	$16,160,500,547	$9,063,033,442
Common capital stock	$ 2,000,001	$ 2,000,003	$ 2
Gross paid in and contributed surplus	113,305,623	913,305,621	799,999,998
SSAP No.10R deferred tax asset adjustment	100,000	91,134,666	91,034,666
Unassigned funds (surplus)	107,642,360	(11,842,602)	(119,484,962)
Total capital and surplus	$ 223,047,984	$ 994,597,688	$ 771,549,704
Total liabilities, capital and surplus	$7,320,515,089	$17,155,098,235	$9,834,583,146

The increase in assets was primarily due to $7.4 billion of assets transferred to the Company as part of the January 1, 2010 New York transfer, separate account value transfer of $837.6 million due to net policyholder cashflows, and capital contributions of $800 million received from the parent company, JHUSA. The increase in liabilities of $9.1 billion was primarily due to $7.3 billion of liabilities transferred to the Company as part of the New York transfer and the increase in separate account liabilities of $837.6 million due to net policyholder cashflows.

The Company's invested assets as of December 31, 2010, exclusive of separate accounts, were mainly comprised of bonds (88%) and mortgage loans (8.9%).

The New York transfer included new additional asset classes of mortgage loans ($807 million) and real estate ($85 million).

The majority (95%) of the Company's bond portfolio, as of December 31, 2010, was comprised of investment grade obligations.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term	
Year	Issued	In Force	Issued	In Force
2008	$2,986,514	$ 9,158,298	$5,615,361	$13,795,444
2009	$3,228,467	$12,584,571	$4,476,620	$17,235,753
2010	$2,165,010	$25,318,316	$2,426,937	$33,077,491

The significant increase in in-force reported as of December 31, 2010 for individual whole life and individual term life primarily resulted from the New York transfer.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	Ordinary Annuities		
	2008	2009	2010
Outstanding, end of previous year	51,051	53,603	53,774
Issued during the year	6,306	3,169	1,694
Reinsurance Assumed	0	0	65,589
Increased during the year	0	0	997
Other net changes during the year	(3,754)	(2,998)	(8,392)
Outstanding, end of current year	53,603	53,774	113,662

The significant decrease in the number of annuity contracts issued during 2009 and 2010 is primarily due to the discontinuance of new sales of the Signature Note variable annuity products and de-risking efforts which were initiated during 2009 in response to the changing market conditions. The increase in annuity reinsurance assumed in 2010 is due to the transfer of the NY business from the Company's parent.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2008	2009	2010
Ordinary:			
Life insurance	$ (69,844,888)	$(33,863,952)	$(111,569,459)
Individual annuities	(230,228,991)	197,025,132	48,057,946
Supplementary contracts	(184,426)	(5,062)	(753,445)
Total ordinary	$(300,258,305)	$163,156,118	$ (64,264,958)
Group:			
Life	$ 0	$ 0	$ (181)
Annuities	1,445,226	(454,589)	(7,001,109)
Total group	$ 1,445,226	$ (454,589)	$ (7,001,290)
Accident and health:			
Other	0	0	(1,948,285)
Total accident and health	$ 0	$ 0	$ (1,948,285)
All other lines	$ (29,263,655)	$146,802,076	$ 51,711,512
Total	$(328,076,734)	$309,503,605	$ (21,503,021)

The ordinary life insurance net gain from operations decrease from 2009 to 2010 was primarily related to asset adequacy testing reserve strengthening of approximately $85.0 million.

The ordinary individual annuity net gain increase from 2008 to 2009 was due to the release of variable annuity segregated fund guarantee reserves of $251.0 million in 2009 compared to an increase of segregated fund reserves of $320.0 million in 2008, which resulted from changes in the equity markets.

The ordinary individual annuity decrease in net gain from $197.0 2009 to 2010, was primarily related to the non-recurring release of $251.0 million in segregated fund guarantee reserves in 2009.

The decrease in group annuity net gain from operations in 2010 was related to fixed product losses due to the New York transfer.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2010, as contained in the Company's 2010 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2010 filed annual statement.

A. Independent Accountants

The firm of Ernst & Young, LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

Ernst & Young, LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$ 8,003,738,361
Common stocks	99,036
Mortgage loans on real estate:	
First liens	806,593,782
Real estate:	
Properties held for the production of income	84,795,798
Cash, cash equivalents and short term investments	66,810,762
Contract loans	112,322,719
Derivatives	20,368,897
Other invested assets	2,623,035
Receivable for securities	1,928,121
Investment income due and accrued	124,238,346
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of Collection	3,105,468
Deferred premiums, agents' balances and installments booked but deferred and not yet due	15,036,448
Reinsurance:	
Amounts recoverable from reinsurers	10,427,373
Other amounts receivable under reinsurance contracts	31,536,682
Net deferred tax asset	99,382,822
Receivables from parent, subsidiaries and affiliates	409,906,033
Fees receivable	10,066,260
Miscellaneous accounts receivable	846,732
From separate accounts, segregated accounts and protected cell accounts	$ 7,351,271,560
Total admitted assets	$17,155,098,235

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 6,135,474,109
Aggregate reserve for accident and health contracts	72,555
Liability for deposit-type contracts	102,100,229
Life contract claims:	8,252,930
Policyholders' dividends and coupons due and unpaid	2,260,881
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	2,096,195
Premiums and annuity considerations for life and accident and health contracts received in advance	137,274
Contract liabilities not included elsewhere:	
Surrender values on cancelled contracts	537,332
Other amounts payable on reinsurance	103,439,313
Interest maintenance reserve	32,618,613
Commissions to agents due or accrued	4,651,442
General expenses due or accrued	3,005,201
Transfers to separate accounts due or accrued	(127,692,139)
Taxes, licenses and fees due or accrued, excluding federal income taxes	(1,455,010)
Current federal and foreign income taxes	143,796,574
Amounts withheld or retained by company as agent or trustee	101,642
Remittances and items not allocated	61,674,110
Miscellaneous liabilities:	
Asset valuation reserve	4,813,059
Reinsurance in unauthorized companies	3,880,788
Funds held under reinsurance treaties with unauthorized reinsurers	2,265,122,071
Payable to parent, subsidiaries and affiliates	22,608,360
Derivatives	33,434,329
Payable for Securities	375,033
Deferred Gain on Reinsurance	5,780,818
Miscellaneous Liabilities	2,143,278
From Separate Accounts statement	7,351,271,560
Total liabilities	$16,160,500,547

Common capital stock	$	2,000,003
Gross paid in and contributed surplus	$	913,305,621
Aggregate write-ins for special surplus funds		
SSAP No. 10R deferred tax asset adjustment		91,134,666
Unassigned funds (surplus)		(11,842,602)
Surplus	$	992,597,685
Total capital and surplus	$	994,597,688
Total liabilities, capital and surplus	$	17,155,098,235

D. Condensed Summary of Operations

	2008	2009	2010
Premiums and considerations	$1,397,201,850	$1,176,344,193	$3,806,060,486
Investment income	171,513,861	171,918,466	564,794,734
Commissions and reserve adjustments on reinsurance ceded	4,129,166	3,474,216	(25,636,717)
Miscellaneous income	108,379,955	101,836,941	118,600,096
Total income	$1,681,224,832	$1,453,573,816	$4,463,818,599
Benefit payments	$ 647,317,337	$ 628,959,696	$1,461,008,820
Increase in reserves	509,261,989	(115,625,016)	2,657,101,892
Commissions	131,146,508	101,552,469	118,129,213
General expenses and taxes	59,437,163	54,004,242	65,113,306
Increase in loading on deferred and uncollected premiums	0	0	7,853
Net transfers to Separate Accounts	651,884,058	392,273,250	12,791,144
Miscellaneous deductions	5,231,110	5,523,809	55,739,224
Total deductions	$2,004,278,165	$1,066,688,450	$4,369,891,452
Net gain (loss)	$ (323,053,333)	$ 386,885,366	$ 93,927,147
Dividends	0	0	8,159,495
Federal and foreign income taxes incurred	5,023,401	77,381,761	107,270,673
Net gain (loss) from operations before net realized capital gains	$ (328,076,734)	$ 309,503,605	$ (21,503,021)
Net realized capital gains (losses)	21,242	0	(46,323,212)
Net income	$ (328,055,492)	$ 309,503,605	$ (67,826,233)

The premiums and considerations increase of $2.6 billion in 2010 was primarily due to premiums assumed of $2.5 billion related to the New York transfer. The premiums assumed comprised of $588 million of life insurance business, $1.9 billion of fixed annuities and $22 million of variable annuities.

The $393 million increase in investment income in 2010 was primarily due to the increase in the volume of assets and the portfolio mix as a result of the New York transfer.

There were increases in bonds of $306 million, mortgage loans of $33 million, real estate of $11 million and derivatives of $13 million.

The $832 million increase in benefit payments was primarily due to surrender benefits and other withdrawals related to the New York transfer. The benefit payments comprised of increases in death benefits of $25 million, annuity benefits of $237 million, surrender benefits and other withdrawals of $560 million.

The $115.6 million decrease in reserves in 2009 as compared to $509.2 million in reserves in 2008 was primarily due to the release of variable annuity segregated fund guarantee reserve in 2009 as a result of changes in the equity market. The $2.6 billion increase in reserves was primarily due to reserves transferred as part of the New York transfer.

E. Capital and Surplus Account

	2008	2009	2010
Capital and surplus, December 31, prior year	$ 223,047,984	$ 218,287,352	$1,016,981,905
Net income	$(328,055,492)	$ 309,503,605	$ (67,826,233)
Change in net unrealized capital gains (losses)	0	0	(19,629,460)
Change in net unrealized foreign exchange capital gain (loss)	18,844	2	(4,477)
Change in net deferred income tax	129,767,050	(85,943,249)	73,609,774
Change in non-admitted assets and related items	(102,155,179)	66,428,625	(128,530,895)
Change in liability for reinsurance in unauthorized companies	(575,528)	(4,729,465)	2,374,075
Change in asset valuation reserve	(135,609)	(356,082)	(3,681,513)
Changes in paid in capital	1	1	0
Surplus adjustments:			
Paid in	299,999,999	499,999,999	0
Change in surplus as a result of reinsurance	(575,575)	(84,672)	142,924,141
Dividends to stockholders	0	0	(100,000,000)
Aggregate write ins for gains and losses in Surplus			
SSAP No. 10R deferred tax asset adjustment	0	14,782,869	76,351,797
Prior year adjustments	(3,049,143)	(907,080)	2,028,574
Net change in capital and surplus for the year	$ (4,760,632)	$ 798,694,553	$ (22,384,217)
Capital and surplus, December 31, current year	$ 218,287,352	$1,016,981,905	$ 994,597,688

F. Reserves

The Department conducted a review of reserves as of December 31, 2010. During this review, the Department found that the Company's formulaic reserves for certain universal life insurance policies with secondary guarantees ("ULSG") were based on an interpretation that differed from the Department actuary's interpretation of Department Regulation No. 147. The difference in reserves between these two interpretations is substantial, would produce substantially higher reserves, and the ULSG reserve issues identified by the Department's actuary are part of a larger review of reserve methodologies for ULSG products that the National Association of Insurance Commissioners ("NAIC") is currently conducting. The Company agrees that, depending on the outcome of the NAIC's review, additional reserves may be required for some of its ULSG products and that the Company will increase reserves consistent with the NAIC's findings, as appropriate. Until the ULSG reserve issue is resolved, the Department will not issue the Company's certificate of reserve valuation.

7. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Section 3207(b) of the New York Insurance Law states, in part:

> "An insurer may deliver or issue for delivery in this state a policy or policies of life insurance upon the life of a minor under the age of fourteen years and six months, provided that such policy or policies are effectuated by a person or persons having an insurable interest in the life of such minor or by a person or persons upon whom such minor is dependent for support and maintenance and provided further that an insurer shall not knowingly issue such a policy or policies for an amount which, together with the amount of life insurance under any other policy or policies then in force upon the life of such minor, is in excess of the limit of twenty-five thousand dollars or the limit of fifty per centum or the limit of twenty-five per centum in the case of a minor under the age of four years and six months of the amount of life insurance in force upon the life of the person effectuating the insurance at the date of issue of the policy on the life of such minor, whichever limit is the greater . . . "

The examiner's review of a sample of 18 juvenile policies issued during the examination period revealed that two of the 18 (11%) policies were issued in excess of the limits allowed by Section 3207(b) of the New York Insurance Law.

The Company violated Section 3207(b) of the New York Insurance Law by knowingly issuing policies, on the lives of minors, with face amounts in excess of the limits allowed.

C. <u>Treatment of Policyholders</u>

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

1. Section 3204 of the New York Insurance Law states, in part:

> "(a)(1) Every policy of life, accident or health insurance or contract of annuity, delivered or issued for delivery in this state, shall contain the entire contract between the parties . . .
>
> (3) Such policy or contract cannot be modified, nor can any rights or requirements be waived . . .
>
> (d) No insertion in or other alteration of any written application for any such policy or contract shall be made by any person other than the applicant without his written consent . . ."

The automatic premium loan provision of the Company's whole life insurance policy form number 07PROWL states, in part:

> "9. AUTOMATIC PREMIUM LOAN
> This option can be requested either in the application or by written request while the policy is in force . . ."

The examiner reviewed a sample of 20 policy loans, 10 of which were automatic premium loans ("APL") made during the examination period. Five of the ten (50%) APLs revealed that the APL option was initiated when the APL option was not requested on the application

The Company violated Section 3204(a) and Section 3204(d) of the New York Insurance Law by initiating the APL option when the policyholder did not make an affirmative election of the APL provision.

2. Section 4221 of the New York Insurance Law states, in part:

> "(a) . . . no policy of life insurance . . . shall be delivered or issued for delivery in this state unless it shall contain in substance the following provisions, or corresponding provisions which in the opinion of the superintendent are at least as favorable to the defaulting or surrendering policyholder . . .
>
> (1) That, in the event of default in any premium payment, the company will grant, upon proper request not later than sixty days after the due date of the premium in default, a paid-up nonforfeiture benefit on a plan stipulated in the policy, effective as of such due date, of such value as may be hereinafter specified. In lieu of such stipulated paid-up nonforfeiture benefit, the company may substitute, upon proper request not later than sixty days after the due date of the premium in default, a more favorable alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits or, if applicable, a greater amount or earlier payment of endowment benefits."

The examiner's review of a sample of the Company's whole life policies revealed that the "Guaranteed Option" provision stated in the policies is not in compliance with Section 4221(a)(1) of the New York Insurance Law, which requires that the policy holder be given a 60-day period, upon proper notice, after the due date of the premium in default to choose a nonforfeiture benefit on a plan stipulated in the policy.

The examiner recommends that the Company amend the language in the last paragraph of the Guaranteed Option provision of the policy for new issues, to comply with Section 4221(a)(1) of the Insurance Law with respect to specifying the 60-day period.

8. AGENT TERMINATION

Section 2112(d) of New York Insurance Law states, in part,

> "Every insurer . . . or insurance producer or the authorized representative of the insurer . . . . or insurance producer doing business in this state shall, upon termination of the certificate of appointment as set forth in subsection (a) of this section of any insurance agent licensed in this state, or upon termination for cause for activities as set forth in subsection (a) of section two thousand one hundred ten of this article, of the certificate of appointment, of employment, of a contract or other insurance business relationship with any insurance producer, file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe . . . "

The examiner's review of a sample of 100 producer licensing and termination records revealed that the Company failed to notify the Superintendent of the termination of the certificate of appointment of 17 of 100 (17%) producers within 30 days of such termination.

The Company violated Section 2112(d) of the New York Insurance Law by failing to notify the Superintendent upon termination of the certificate of appointment of its producers in a timely manner.

9. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 308(a) of the New York Insurance Law by failing to give notification to the Superintendent within 30 days of participating in a Tax Sharing Agreement, as directed by Circular Letter No. 33 (1979). The Company furnished the Tax Sharing Agreement to the Superintendent. The agreement was reviewed and approved on April 1, 2009.
B	The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to maintain its advertising file at its home office. The Company maintains its advertising file at its home office in New York.
C	The Company violated Sections 2112(a) and 2114(a)(1) of the New York Insurance Law by paying commissions to unappointed agents. The Company did not pay commissions to unappointed agents during the exam period.
D	The Company violated Section 3207(b) of the New York Insurance Law by issuing policies, on the lives on minors, with face values in excess of the limits allowed. The Company failed to take corrective action in response to this prior report violation. (See item 7B of this report)

10. SUMMARY AND CONCLUSIONS

Following are the violations, recommendation and comment contained in this report:

Item	Description	Page No(s).
A	The Department conducted a review of reserves as of December 31, 2010. During this review, the Department found that the Company's formulaic reserves for certain universal life insurance policies with secondary guarantees ("ULSG") were based on an interpretation that differed from the Department actuary's interpretation of Department Regulation No. 147. The difference in reserves between these two interpretations is substantial, would produce substantially higher reserves, and the ULSG reserve issues identified by the Department's actuary are part of a larger review of reserve methodologies for ULSG products that the National Association of Insurance Commissioners ("NAIC") is currently conducting. The Company agrees that, depending on the outcome of the NAIC's review, additional reserves may be required for some of its ULSG products and that the Company will increase reserves consistent with the NAIC's findings, as appropriate. Until the ULSG reserve issue is resolved, the Department will not issue the Company's certificate of reserve valuation.	24
B	The Company violated Section 3207(b) of the New York Insurance Law by knowingly issuing policies, on the lives of minors, with face amounts in excess of the limits allowed.	26
C	The Company violated Section 3204(a) and Section 3204(d) of the New York Insurance Law by initiating the Automatic Premium Loan option when the policyholder did not make an affirmative election of the APL provision.	26
D	The examiner recommends that the Company amend the language in the last paragraph of the Guaranteed Option provision of the policy for new issues, to comply with Section 4221(a)(1) of the Insurance Law with respect to specifying the 60-day period.	27
E	The Company violated Section 2112(d) of the New York Insurance Law by failing to notify the Superintendent upon termination of the certificate of appointment of its producers in a timely manner.	28

Respectfully submitted,

/s/

Julius Asubonteng
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Julius Asubonteng, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

/s/

Julius Asubonteng

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 30660

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, JAMES J. WRYNN, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

JULIUS ASUBONTENG

as a proper person to examine into the affairs of the

JOHN HANCOCK LIFE INSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name
and affixed the official Seal of the Department
at the City of New York

this 24th day of February, 2011

JAMES J. WRYNN
Superintendent of Insurance

Superintendent