NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

JOHN HANCOCK LIFE INSURANCE COMPANY OF NEW YORK

CONDITION:	DECEMBER 31, 2014
DATE OF REPORT:	JUNE 27, 2016

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EXAMINER:	JULIUS ASUBONTENG

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June 27, 2016

Honorable Maria T. Vullo
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31286, dated May 27, 2015, 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 office located at 601 Congress Street, Boston, MA 02210.

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

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

1. EXECUTIVE SUMMARY

The following material recommendation, comment and violations contained in this report are summarized below.

- The examiner recommends that the Company continue to incorporate the reserve refinements agreed upon with the Department. (See item 6F of this Report)
- Comment: The Department noted that the Company's formulaic reserves for certain variable annuity policies with guaranteed living benefits incorporated revenue sharing in a manner inconsistent with the Department's interpretation of Department Regulation No. 151. In response, the Company committed to refine its methodology and strengthen reserves by $90 million. (See item 6F of this Report)
- The Company violated Section 4228(h) of the New York Insurance Law by failing to have a qualified actuary sign and date the demonstrations. (See item 8 of this Report)
- The Company violated Section 51.6(b)(3) of Department Regulation No. 60 by failing to examine and ascertain that the Disclosure Statement included all required disclosures for three replacement policies. (See item 7A of this Report)
- The Company violated Section 51.6(b)(7) of Department Regulation No. 60 by failing to have any deficiencies corrected or else reject the application in the cases where the Disclosure Statement did not include all required disclosures, i.e. annuitization feature of the existing annuity and an option to surrender an immediate annuity once it has annuitized. (See item 7A of this Report)
- The Company violated Sections 224.4(a)(1) and (c) of Department Regulation No. 187 when the consumers were not informed of all the various features on the annuity contracts i.e. the annuitization option available on the existing deferred annuity, the inability of the proposed immediate annuity to be surrendered for a lump sum value etc. Also, the recommended annuity contracts were not suitable because the annuitization of the existing deferred annuity would have produced a higher income amount. (See item 7A 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, 2015 Edition* (the "Handbook"). The examination covers the 4-year period from January 1, 2011 through December 31, 2014. 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, 2014 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.

The financial portion of the examination was coordinated with the State of Michigan Department of Insurance and Financial Services (the lead state) and the State of Massachusetts Division of Insurance Regulatory Information. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

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 2011 through 2014, 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. The Company and John Hancock Life Insurance Company (USA) (“JHUSA”), the Company’s parent, share common controls, and management. JHUSA has an internal audit department and a separate internal control department which was 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 and recommendation and comment 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 John Hancock Life Insurance Company (U.S.A.) ("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, was 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.

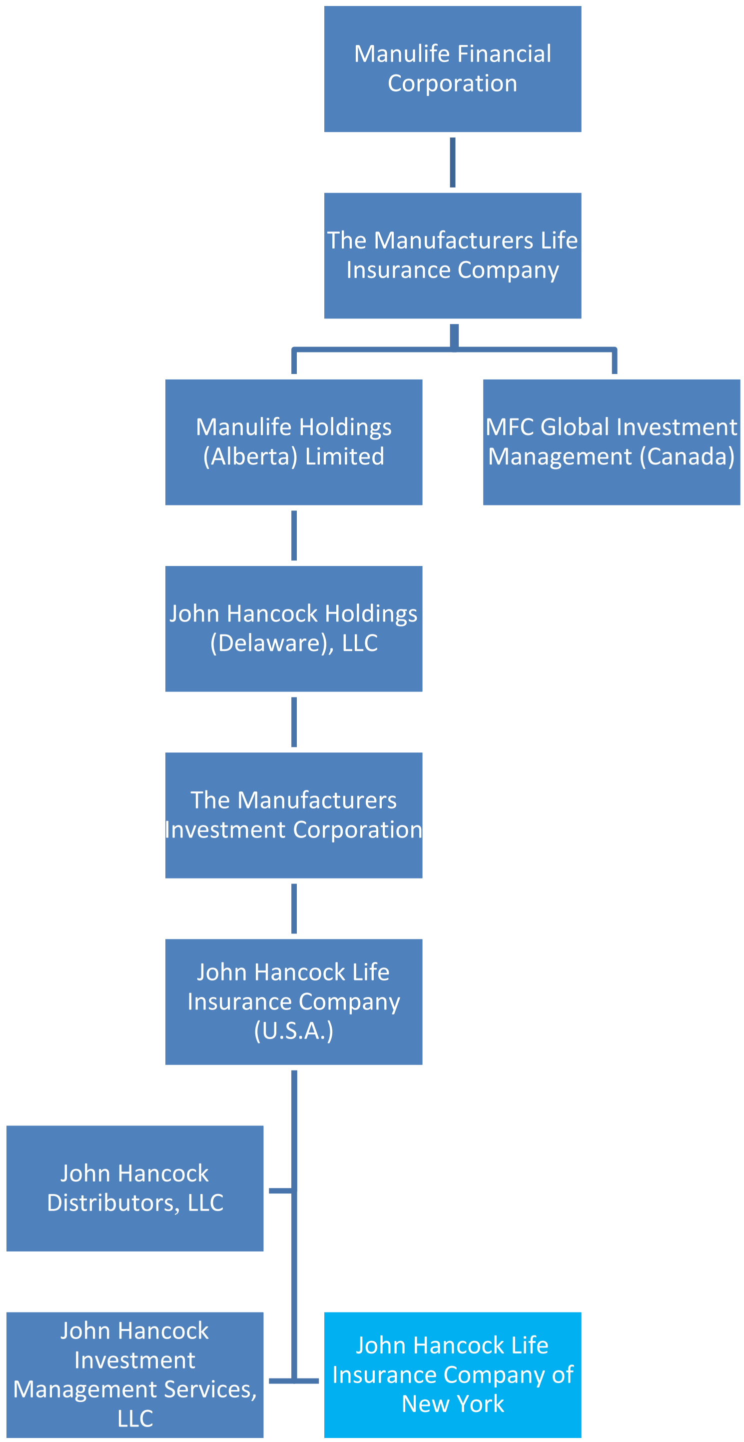
As of December 31, 2014, the Company's capital stock and paid-in and contributed surplus were $2,000,003 and $913,305,621, respectively.

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, 2014 follows:



D. Service Agreements

The Company had six 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	The Company	Underwriting, Policy Owner Claims, Marketing, Accounting, Functional Support Agent Licensing	2011 $(51,506,727) 2012 $(49,076,907) 2013 $(52,634,096) 2014 $(54,958,053)
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	2011 $(12,865,055) 2012 $(12,877,745) 2013 $(10,492,809) 2014 $(10,914,466)
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	2011 $ (12,083) 2012 $ (9,941) 2013 $ (11,306) 2014 $ (10,632)
Investment Advisory Agreement File No. 42201 Restated/ Amended File No. 46068	12/28/2009 06/01/2012	MFC Global Investment Management	The Company	Investment Advisor	2011 $ (331,027) 2012 $ (306,304) 2013 $ (443,137) 2014 $ (783,650)

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
(ALM) Service Agreement File No. 42201	12/28/2009	JHUSA (formerly MLI)	The Company	Asset Liability Management Services	2011 $(2,276,657) 2012 $(2,002,364) 2013 $(1,691,581) 2014 $(1,651,946)
Administrative Services Agreement File No. 47984 Amended File No. 47984A	12/20/2013 08/29/2014	The Company	John Hancock Investment Management Services, LLC & John Hancock Advisors, LLC	Shareholder Account Administration, Transaction Processing, Customer Service, Accounting & Reconciliation	2014 $17,901,163

* Amount of (Expense) Incurred by the Company

E. <u>Management</u>

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, 2014, the board of directors consisted of nine members. Meetings of the board are held quarterly.

The nine board members and their principal business affiliation, as of December 31, 2014, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Thomas N. Borshoff* Pittsford, NY	Self-employed Real Estate Owner/Manager	1999
Craig Bromley Hingham, MA	President and Chairman of the Board John Hancock Life Insurance Company of New York	2012
Paul M. Connolly* Milton, MA	Retired Bank Officer	2010

Name and Residence	Principal Business Affiliation	Year First Elected
Michael J. Doughty Milton, MA	Executive Vice President - General Manager, Insurance John Hancock Life Insurance Company (USA)	2013
Ruth A. Fleming* Short Hills, NJ	Retired Attorney	1992
James D. Gallagher Boston, MA	Executive Vice President – General Counsel & Chief Administrative Officer John Hancock Life Insurance Company (USA)	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	Retired Actuary	2009

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

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, 2014:

Name	Title
Craig Bromley	President
Emanuel Alves	Vice President, Counsel and Corporate Secretary
Simonetta Vendittelli	Vice President, Controller
Brian Tucker*	Chief Administrative Officer
Richard Harris	Appointed Actuary

* 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 2014, 82% of the life premiums and 85% 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, 2014, 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 term life insurance, variable life insurance, and group pension contracts. The Company sells its variable annuity products in the employee retirement services market. In 2012, the Company suspended new sales of its fixed deferred and variable annuity products. In March 2013, the Company discontinued new sales of its remaining annuity products, including structured settlements and single premium immediate annuities.

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, 2014, the Company had reinsurance treaties in effect with 37 companies, of which 23 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, 2014, was $40,266,287,690 which represents 74% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $3,174,810,390, was supported by letters of credit and funds withheld.

The total face amount of life insurance assumed as of December 31, 2014, was $19,513,311,886.

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, 2010	December 31, 2014	Increase (Decrease)
Admitted assets	$17,155,098,235	$17,475,488,818	$320,390,583
Liabilities	$16,160,500,547	$16,259,828,757	$ 99,328,210
Common capital stock	$ 2,000,003	$ 2,000,003	$ 0
Gross paid in and contributed surplus	913,305,621	913,305,621	0
SSAP No. 10R deferred tax asset adjustment	91,134,666	0	(91,134,666)
Unassigned funds (surplus)	(11,842,602)	300,354,437	312,197,039
Total capital and surplus	$ 994,597,688	$ 1,215,660,061	$221,062,373
Total liabilities, capital and surplus	$17,155,098,235	$17,475,488,818	$320,390,583

The unassigned funds (surplus) increase of approximately $312 million from 2010 to 2014 was primarily due to unrealized capital gains of $187 million and an increase in deferred tax assets of $167 million, partially offset by a decrease of $43 million in change in surplus resulting from affiliated reinsurance transactions. The $43 million in change in surplus was due to amortization of deferred losses on prior year affiliated reinsurance transactions.

The Company's invested assets as of December 31, 2014, exclusive of separate accounts, were mainly comprised of bonds (70.8%) and mortgage loans (12.9%).

The majority (97.4%) of the Company's bond portfolio, as of December 31, 2014, was comprised of investment grade obligations.

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

	Ordinary Annuities			
	2011	2012	2013	2014
Outstanding, end of previous year	113,662	105,228	97,107	89,531
Issued during the year	883	349	77	94
Other net changes during the year	(9,317)	(8,470)	(7,653)	(7,738)
Outstanding, end of current year	105,228	97,107	89,531	81,887

The significant decrease in the number of annuity contracts issued reported in 2012 was primarily due to the Company suspending new sales of its fixed deferred and variable annuity products.

The significant decrease in the number of annuity contracts issued reported in 2013 was primarily due to the Company discontinuing new sales of its remaining annuity products, including structured settlements and single premium immediate annuities.

The increase in the number of annuity contracts issued reported in 2014 was primarily due to an increase of 71 contracts in the variable annuity block, partially offset by a decrease of 54 contracts in payout annuity block, resulting from the discontinuance of the payout block business. The increase for the variable annuity block was due to a change in reporting policies created due to death benefit continuations in 2014 compared to 2013. In 2014 the continuations were reflected as other increases, but in 2013 they were netted against terminations and therefore contributed to the net decreases. The decrease in the payout block is due to discontinuation of the business.

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:

	2011	2012	2013	2014
Ordinary:				
Life insurance	$ (91,154,310)	$ (37,223,447)	$ 58,060,607	$ (97,918,302)
Individual annuities	(149,712,258)	874,620	176,699,523	(39,485,479)
Supplementary contracts	(34,838)	1,394,347	(98,189)	9,687,399
Total ordinary	$(240,901,406)	$ (34,954,480)	$234,661,941	$(127,716,382)
Group:				
Annuities	$ (36,731,986)	$ 4,629,649	$ 30,073,837	$ (38,012,079)
Total group	$ (36,731,986)	$ 4,629,649	$ 30,073,837	$ (38,012,079)
Accident and health:				
Other	$ 83,405	$ (40,002)	$ (196,262)	$ (147,345)
Total accident and health	$ 83,405	$ (40,002)	$ (196,262)	$ (147,345)
All other lines	$ 53,563,291	$190,309,342	$289,327,648	$ (41,376,763)
Total	$(223,986,696)	$159,944,509	$553,867,164	$(207,252,569)

The decrease in ordinary life insurance net loss from operations of approximately $53.9 million from 2011 to 2012 was primarily due to $62 million related to treaty net investment income interest on Fund Withheld ("FWH") of $59 million, resulting from lower derivative gains in 2012 as compared to 2011 due to lower interest rates.

The increase in ordinary life insurance net gain from operations of approximately $95.3 million from 2012 to 2013 was primarily due to $84 million related to treaty net investment interest on FWH, resulting from lower portfolio derivatives losses in 2013 as compared to 2012, due to changes in interest rate.

The decrease in ordinary life insurance net gain from operations of approximately $156 million from 2013 to 2014 was primarily related to an additional phase-in of Department Regulation No. 147 reserves strengthening of $91 million, net of affiliate reinsurance, and new business reserves of $50 million.

The increase in ordinary individual annuity net gain from operations of approximately $150.5 million from 2011 to 2012 was primarily due to lower variable annuity segregated fund guarantee reserves of $68 million in 2012, compared to a change of segregated fund reserves of $265 million in 2011, which resulted from changes in the equity markets.

The increase in ordinary individual annuity net gain from operations of approximately $175.8 from 2012 to 2013 was due to lower variable annuity segregated fund guarantee reserves of $68 million in 2012 compared to a change of segregated fund reserves of $231 million in 2013, which resulted from changes in the equity markets.

The decrease in ordinary individual annuity net gain from operations of approximately $216.2 from 2013 to 2014 was due to an increase in variable annuity fixed account reserves of $346 million due to a decrease in swap rates and a decrease in the average mean of stochastic scenarios over the year, partially offset by a decrease in federal income tax expense of $116 million mainly due to lower taxable operating income.

The increase in group annuity net gain from operations of $41.3 million from 2011 to 2012 was related to an increase in the Retirement Plan Services premiums of $37 million due to higher recurring deposits driven by growth in the number of in force participants.

The increase in group annuity net gain from operations of $25.5 million from 2012 to 2013 was related to a $24 million change in Fixed Deferred Annuities reserves due to “change period over period” of direct reserves.

The decrease in group annuity net gain from operations of approximately $68.1 from 2013 to 2014 was related to a decrease of $70 million from fee based products and fixed deferred annuities due to continued business run-off.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2014, as contained in the Company's 2014 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, 2014 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 of the Company 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	$ 5,997,703,374
Stocks:	
Preferred stocks	1,300,000
Common stocks	4,120,482
Mortgage loans on real estate:	
First liens	1,088,916,810
Real estate:	
Properties held for the production of income	235,244,648
Cash, cash equivalents and short term investments	111,770,098
Contract loans	160,859,727
Derivatives	675,049,125
Other invested assets	185,532,271
Receivable for securities	1,405,098
Receivable for collateral on derivatives	1,727,436
Investment income due and accrued	96,573,794
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	2,411,345
Deferred premiums, agents' balances and installments booked but deferred and not yet due	9,137,640
Reinsurance:	
Amounts recoverable from reinsurers	4,735,226
Other amounts receivable under reinsurance contracts	25,378,146
Net deferred tax asset	60,426,385
Guaranty funds receivable or on deposit	6,396,011
Receivables from parent, subsidiaries and affiliates	686,280,173
Change to "Fee income receivable"	8,713,602
Miscellaneous accounts receivable	588,422
Real Estate, Agri. & Timber deferred charges	69,832
From separate accounts, segregated accounts and protected cell accounts	8,111,149,173
Total admitted assets	$17,475,488,818

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 4,692,693,959
Aggregate reserve for accident and health contracts	57,754
Liability for deposit-type contracts	193,826,648
Contract claims: Life	17,898,627
Policyholders' dividends and coupons due and unpaid	1,719,418
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	2,027,986
Premiums and annuity considerations for life and accident and health contracts received in advance	40,536
Contract liabilities not included elsewhere:	
Surrender values on cancelled contracts	2,006,557
Other amounts payable on reinsurance	100,267,906
Interest maintenance reserve	176,733,576
Commissions to agents due or accrued	3,320,445
General expenses due or accrued	1,735,769
Transfers to separate accounts due or accrued	(60,467,924)
Taxes, licenses and fees due or accrued, excluding federal income taxes	(8,740,218)
Current federal and foreign income taxes	5,626,298
Amounts withheld or retained by company as agent or trustee	82,794
Remittances and items not allocated	34,622,999
Miscellaneous liabilities:	
Asset valuation reserve	61,776,898
Reinsurance in unauthorized companies	5,636,987
Funds held under reinsurance treaties with unauthorized reinsurers	2,278,225,441
Payable to parent, subsidiaries and affiliates	73,938,958
Derivatives	418,433,526
Payable for collateral on derivatives	140,559,074
Deferred gain on reinsurance	3,473,509
Miscellaneous liabilities	3,182,061
From Separate Accounts statement	8,111,149,173
Total liabilities	$16,259,828,757
Common capital stock	$ 2,000,003
Gross paid in and contributed surplus	$ 913,305,621
Unassigned funds (surplus)	300,354,437
Surplus	1,213,660,058
Total capital and surplus	$ 1,215,660,061
Total liabilities, capital and surplus	$17,475,488,818

D. Condensed Summary of Operations

	2011	2012	2013	2014
Premiums and considerations	$1,182,952,716	$ (494,180,706)	$1,065,399,801	$1,063,948,665
Investment income	614,173,381	605,801,559	561,144,468	394,503,787
Commissions and reserve adjustments on reinsurance ceded	25,864,501	(80,434,457)	26,609,393	31,907,448
Miscellaneous income	120,929,982	124,372,379	120,327,460	133,378,778
Total income	$1,943,920,580	$ 155,558,775	$1,773,481,122	$1,623,738,678
Benefit payments	$2,154,364,980	$ 1,453,749,670	$1,646,236,722	$1,649,051,800
Increase in reserves	(202,361,525)	(1,522,207,232)	(108,280,804)	433,167,588
Commissions	107,899,982	100,046,316	95,598,077	98,688,349
General expenses and taxes	64,559,014	60,949,895	61,313,486	56,059,521
Increase in loading on deferred and uncollected premiums	(2,696)	26,317	325,508	(9,338)
Net transfers to (from) Separate Accounts	(62,343,511)	(129,980,266)	(497,309,902)	(517,090,281)
Miscellaneous deductions	96,747,222	13,122,330	(46,926,856)	107,535,008
Total deductions	$2,158,863,466	$ (24,292,970)	$1,150,956,231	$1,827,402,647
Net gain (loss)	$ (214,942,886)	$ 179,851,745	$ 622,524,891	$ (203,663,969)
Dividends	5,959,628	6,519,339	6,588,173	6,237,133
Federal and foreign income taxes incurred	3,084,182	13,387,897	62,069,554	(2,648,533)
Net gain (loss) from operations before net realized capital gains	$ (223,986,696)	$ 159,944,509	$ 553,867,164	$ (207,252,569)
Net realized capital gains (losses)	(58,493,246)	(90,868,424)	(88,087,830)	(24,811,321)
Net income	$ (282,479,942)	$ 69,076,085	$ 465,779,334	$ (232,063,890)

The decrease in premiums and considerations of $1,667.1 billion in 2012 as compared to 2011 was primarily due to the ceding of $1,656 billion in premiums due to a fixed deferred annuity reinsurance agreement with Commonwealth Annuity and Life Insurance Company ("CALIC"), and a decrease of $67 million due to continued product de-risking efforts and discontinuance of new sales of certain variable annuity products. These decreases were partially offset by an increase in the Retirement Plan Services ("RPS") premiums of $37 million mainly due to growth in the number of in-force participants.

The increase in premiums and considerations of $1,559.5 billion in 2013 as compared to 2012 was primarily due to the non-recurrence of an initial ceding premium of $1,656 billion for the 2012 reinsurance agreement with CALIC, partially offset by a decrease of $104 million mainly due to reduced sales volumes in RPS and the discontinuance of new sales for annuity products.

The $166.6 million decrease in investment income in 2014 as compared to 2013, was primarily due to lower dividend distributions of $163 million when the investment advisor changed from John Hancock Investment Management Services, LLC ("JHIMS") to John Hancock Advisers, LLC ("JHA").

The $106.3 million decrease in commission and reserve adjustments on reinsurance ceded in 2012 as compared to 2011 was primarily due to $100 million ceding commission paid on the Fixed Deferred Annuity reinsurance treaty.

The $700.6 million decrease in benefit payments in 2012 as compared to 2011 was primarily due to a decrease in surrender benefits of $660 million and a decrease in annuity benefits of $37 million.

The $1,319.8 million decrease in "increase in reserves" in 2012 as compared to 2011 was primarily due to a ceding of $1,521 million in reserves related to Fixed Deferred Annuity reinsurance treaty and a decrease of $329 million in variable annuity guarantee reserves due to favorable equity markets. The decreases were partially offset by a higher change in reserves due to non-recurrence of large scheduled maturities on guaranteed investment contracts in 2011.

The $1,413.9 million increase in "increase in reserves" in 2013 as compared to 2012 was primarily due to non-recurrence of the 2012 Fixed Deferred Annuity reinsurance treaty impact of $1,623 million in reserves. The increase was partially offset by a ($161) million favorable impact from lower variable annuity separate account guarantees and a ($44) million favorable impact from lower guarantees on universal life insurance products; both favorable impacts were due to favorable market performance.

The $541.5 million increase in “increase in reserves” in 2014 as compared to 2013 was primarily due to an increase of $415 million of variable annuity general account reserves due to a decrease in swap rates, and an increase of $119 million in reserves due to in force growth.

The $60 million decrease in miscellaneous deductions in 2013 as compared to 2012 was primary due to a decrease on interest on funds withheld on reinsurance treaties.

The $154.4 million increase in miscellaneous deductions in 2014 as compared to 2013 was primary due to unrealized capital gains on derivatives due to declining interest rates.

E. Capital and Surplus Account

	2011	2012	2013	2014
Capital and surplus, December 31, prior year	$ 994,597,688	$ 890,376,520	$1,005,112,048	$1,284,268,211
Net income	$(282,479,942)	$ 69,076,085	$ 465,779,334	$ (232,063,890)
Change in net unrealized capital gains (losses)	118,432,835	26,396,990	(92,495,122)	134,476,111
Change in net unrealized foreign exchange capital gain (loss)	(2,590)	(1,156)	(2,406)	10,547
Change in net deferred income tax	63,779,768	33,372,067	(101,385,839)	91,135,150
Change in non-admitted assets and related items	20,180,326	(30,789,096)	(2,830,485)	(15,154,816)
Change in liability for reinsurance in unauthorized companies	469,406	(87,164)	(471,119)	(1,667,323)
Change in asset valuation reserve	(59,532,466)	22,630,072	20,829,372	(40,890,816)
Surplus adjustments:				
Change in surplus as a result of reinsurance	(9,898,573)	(10,527,982)	(11,681,645)	(11,330,763)
Prior year adjustments	40,778,645	4,665,712	1,414,073	6,877,650
SSAP No. 10R deferred tax asset adjustment	4,051,423	0	0	0
Net change in capital and surplus for the year	$(104,221,168)	$ 114,735,528	$ 279,156,163	$ (68,608,150)
Capital and surplus, December 31, current year	$ 890,376,520	$1,005,112,048	$1,284,268,211	$1,215,660,061

F. Reserves

The Department conducted a review of reserves as of December 31, 2014. This review included an examination of the asset adequacy analysis in accordance with Department Regulation No. 126 and the minimum reserves calculated in accordance with Department Regulation No. 151. During the review, concerns were raised with the methodology used within the Company's asset adequacy analysis pursuant to Department Regulation No. 126 for the variable annuity business. In response, the Company incorporated various refinements in a manner acceptable to the Department.

The examiner recommends that the Company continue to incorporate these refinements as agreed upon with the Department. Also during the review, the Department noted that the Company's formulaic reserves for certain variable annuity policies with guaranteed living benefits incorporated revenue sharing in a manner inconsistent with the Department's interpretation of Department Regulation No. 151. In response, the Company committed to refine its methodology and strengthen reserves by $90 million.

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.

1. Section 51.6(b) of Department Regulation No. 60 states, in part:

> "Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .
> (3) Examine any proposal used, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the "Disclosure Statement", and ascertain that they are accurate and meet the requirements of the Insurance Law and this Part. . .
> (7) Where the required forms are not received with the application, or if the forms do not meet the requirements of this Part or are not accurate, within 10 days from the date of receipt of the application either have any deficiencies corrected or reject the application and so notify the applicant of such rejection and the reason thereof. In such cases, the insurer shall maintain any material used in the proposed sale, in accordance with the guidelines of paragraph (6) of this subdivision …"

A review of three immediate annuity replacement files in which the Company replaced a deferred annuity policy with an immediate annuity policy revealed:

a) The Company did not provide/indicate any amounts on the Disclosure Statements for comparison on the "proposed" single premium individual annuity contract.

(i) In accordance with Insurance Law § 4223(a)(1)(c), every accumulation type deferred annuity issued to consumers in New York State must set forth the guaranteed interest rate and annuity mortality table being utilized for the guaranteed income purchase rates under the contract. The examiner noted that the Company did not provide the amount of guaranteed income available under the existing deferred annuity contract on the Disclosure Statement. Similarly, the Company did not provide the payout amount for the guaranteed income available under the proposed immediate annuity. In fact, since the existing deferred annuities were purchased during earlier years, the interest rate factor that was applied to the annuities (current and guaranteed) is higher on the existing contract than at the time that the Company issued the replacement contracts. The Annuitization of the existing deferred annuity contract would have resulted in higher monthly income than the proposed Immediate Annuity contract.

(ii) The Company failed to inform the existing companies that the new/replacement contract would be an immediate annuity contract. Thus, the Company requested and/or accepted Disclosure Statements with the replaced company's account values listed as a lump sum, rather than a monthly payment amount that the annuitant would receive with an immediate annuity.

(iii) The information requested on the authorization form by the agent/Company did not indicate to the existing companies that the proposed coverage was an immediate annuity contract. The letter/authorization form stated **"… JHNY had received a request to complete a Disclosure Statement for a proposed transfer to an annuity with JHNY …"** Thus, the Company requested/accepted Disclosure Statements with account values listed as a lump sum instead of a monthly payment amount that the annuitant would have received with an immediate annuity. The Company failed to inform the existing company that their new/replacement contract to be issued by the Company would be an immediate annuity contract and thereby failed to give the existing insurer an opportunity to provide the applicable monthly annuitized amounts.

(iv) As stated in item (i) above, none of the files/Disclosure Statement indicate a comparison regarding payout options. Although payout option is required to be allowed under Section 4223(a)(1)(c) of the New York Insurance Law, there was no payout option comparison disclosed on the Company's prepared Disclosure Statements.

b) The agent's statement contained in the Disclosure Statement did not include key disadvantages pertaining to replacing a deferred annuity with an immediate annuity; for example:

(i) The agent failed to indicate that the proposed immediate annuity cannot be surrendered for a lump sum cash value.

(ii) The agent's statement failed to indicate that the existing deferred annuity could be annuitized for a monthly payment as an option versus purchasing a new immediate annuity. The monthly payout amount should be shown on the Disclosure Statement for both the existing deferred annuity and the proposed immediate annuity.

(iii) The agent statements were misleading because they indicated that the reason for recommending the immediate annuity was that there were no payouts from the existing deferred annuity, or that the existing coverage did not provide enough income, etc. when payouts were available with an annuitization of its existing contract.

Based on items a and b above:

- The Company accepted Disclosure Statements where the replaced company's account values were listed as a lump sum rather than the monthly payment amount that the policyholder would receive with an immediate annuity. In these instances the Company did not request, from the existing insurer, an appropriate comparison for the proposed Immediate Annuity.

- The Disclosure Statement did not disclose that a disadvantage of the proposed annuity is that it cannot be surrendered for a lump sum cash value.

- The Disclosure Statement did not provide the monthly payment amount or any figures on the proposed immediate annuity for comparison with the existing deferred annuity.

- A statement was not included in the Agent's Statement section of the Disclosure Statement indicating that one of the advantages of keeping the existing deferred annuity contract would be the opportunity to annuitize the deferred annuity according to the terms of the original contract and avoid a surrender fee.

- The agent did not state on the authorization forms that the new product being offered was an Immediate Annuity policy.

The Company violated Section 51.6(b)(3) of Department Regulation No. 60 by failing to examine and ascertain that the Disclosure Statement included all required disclosures for the three above referenced replacement policies.

The Company violated Section 51.6(b)(7) of Department Regulation No. 60 by failing to have any deficiencies corrected or else reject the application in the cases where the Disclosure Statement did not include all required disclosures, i.e. Annuitization feature of the existing annuity and no option to surrender an immediate annuity once it has annuitized.

2. Section 224.4 of Department Regulation No. 187 states:

"(a) In recommending to a consumer the purchase or replacement of an annuity contract, the insurance producer, or the insurer where no insurance producer is involved, shall have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer as to the consumer's investments and other insurance policies or contracts and as to the consumer's financial situation and needs, including the consumer's suitability information, and that there is a reasonable basis to believe all of the following:

(1) the consumer has been reasonably informed of various features of the annuity contract, such as the potential surrender period and surrender charge, availability of cash value, potential tax implications if the consumer sells, surrenders or annuitizes the annuity contract, death benefit, mortality and expense fees, investment advisory fees, potential charges for and features of riders, limitations on interest returns, guaranteed interest rates, insurance and investment components, and market risk;"

(c) Except as provided under subdivision (d) of this section, an insurer shall not issue an annuity contract recommended to a consumer unless there is a reasonable basis to believe the annuity contract is suitable based on the consumer's suitability information.

The Company violated Sections 224.4(a)(1) and (c) of Department Regulation No. 187 when the consumers were not informed of all the various features on the annuity contracts i.e. the annuitization option available on the existing deferred annuity, the inability of the proposed immediate annuity to be surrendered for a lump sum value etc. Also, the recommended annuity contracts were not suitable because the annuitization of the existing deferred annuity would have produced a higher income amount.

B. Underwriting and Policy Forms

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

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

C. Treatment of Policyholders

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.

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

8. POLICY PRICING AND SELF SUPPORT

Section 4228(h) of the New York Insurance Law states, in part:

> "No company shall offer for sale any life insurance policy form or annuity contract form covered by this section or any debit life insurance policy form which shall not appear to be self-supporting on reasonable assumptions as to interest, mortality, persistency, taxes, agents' and brokers' survival and expenses resulting from the sale of the policy or contract form. For all such forms offered for sale in this state, and for all forms filed for use outside this state by domestic life insurance companies, a statement that the requirements of this subsection have been met, signed by an actuary who is a member in good standing of the American Academy of Actuaries and meets the requirements prescribed by the superintendent by regulation shall be submitted with each such life insurance policy or annuity contract form filed pursuant to paragraph one or six of subsection (b) of section three thousand two hundred one of this chapter. A demonstration supporting each such statement, signed by an actuary meeting such qualifications, shall be retained in the company's home office, while such form is being offered in this state and for a period of six years thereafter and be available for inspection. . . ."

The examiner conducted a review of the pricing adequacy for various products subject to Section 4228(h) of the New York Insurance Law. This review included an examination of the required actuarial statements of self-support and the supporting demonstrations. Concerns were raised related to the qualifications of individuals signing the demonstrations of self-support for two policy forms. The aforementioned section of the law requires the demonstrations be signed by an actuary who is a member in good standing of the American Academy of Actuaries. For one form reviewed, the individuals signing the demonstration were not members of the American Academy of Actuaries and for another form, the individual who signed the demonstration was not a member of the Society of Actuaries or the American Academy of Actuaries. Self-support subject to Section 4228(h) has been addressed with the company during a previous exam. In response to the Department's concerns, the Company agreed that all future demonstrations of self-support would be signed by a qualified actuary, dated and finalized prior to the date of the statement of self-support. In addition, the company's demonstration will include a written analysis documenting how it was determined that the product is self-supporting.

The Company violated Section 4228(h) of the New York Insurance Law by failing to have a qualified actuary sign and date the demonstrations.

9. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
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. The Department decided to depart from the NAIC and make its own clarifications and changes to Department Regulation No. 147. This resulted in a substantially increase-in JHNY’s reserve requirements. The Department and the Company agreed on a five-year phase-in of the additional requirements, beginning in year 2013. The Company is continuing to book this phase-in in accordance with the agreement.
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. The Company did not issue policies, on the lives of minors, with face amounts in excess of the limits allowed.
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. The Company did not initiate the Automatic Premium Loan option when the policyholder did not make an affirmative election of the APL provision.

Item	Description
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. The Company amended the language in the last paragraph of the Guaranteed Option provision as recommended. The Department signed off on the amendment on October 20, 2011.
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. The Company notified the Superintendent upon termination of the certificate of appointment of its producers in a timely manner.

10. SUMMARY AND CONCLUSIONS

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

Item	Description	Page No(s).
A	The examiner recommends that the Company continue to incorporate the reserve refinements as agreed upon with the Department.	24
B	Comment: The Department noted that the Company's formulaic reserves for certain variable annuity policies with guaranteed living benefits incorporated revenue sharing in a manner inconsistent with the Department's interpretation of Regulation No. 151. In response, the Company committed to refine its methodology and strengthen reserves by $90 million.	24
C	The Company violated Section 51.6(b)(3) of Department Regulation No. 60 by failing to examine and ascertain that the Disclosure Statement included all required disclosures for three replacement policies.	25 - 28
D	The Company violated Section 51.6(b)(7) of Department Regulation No. 60 by failing to have any deficiencies corrected or else reject the application in the cases where the Disclosure Statement did not include all required disclosures, i.e. Annuitization feature of the existing annuity and no option to surrender an immediate annuity once it's annuitized.	25 - 28
E	The Company violated Sections 224.4(a)(1) and (c) of Department Regulation No. 187 when the consumers were not informed of all the various features on the annuity contracts i.e. the annuitization option available on the existing deferred annuity, the inability of the proposed immediate annuity to be surrendered for a lump sum value etc. Also, the recommended annuity contracts were not suitable because the annuitization of the existing deferred annuity would have produced a higher income amount.	29
F	The Company violated Section 4228(h) of the New York Insurance Law by failing to have a qualified actuary sign and date the demonstrations.	31

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. *31286*

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **BENJAMIN M. LAWSKY**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

JULIUS ASUBONTENG

as a proper person to examine 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 said

COMPANY

with such other information as he shall deem requisite.

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

this 27th day of May, 2015

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
ASSISTANT CHIEF - LIFE BUREAU