

**REPORT OF
MARKET CONDUCT EXAMINATION
OF**

JOHN HANCOCK LIFE INSURANCE COMPANY
Boston, Massachusetts

**AS OF
June 21, 2005**

COMMONWEALTH OF PENNSYLVANIA



**INSURANCE DEPARTMENT
MARKET CONDUCT DIVISION**

Issued: August 8, 2005

JOHN HANCOCK LIFE INSURANCE COMPANY

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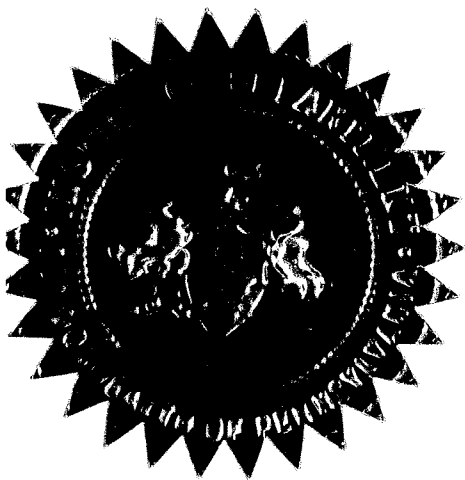
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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 29 day of April, 2002, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate Randolph L. Rohrbaugh, Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.



M. Diane Koken
M. Diane Koken
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
JOHN HANCOCK LIFE	:	Sections 605, 623 and 903(a) of
INSURANCE COMPANY	:	the Insurance Department Act, Act of
John Hancock Place	:	May 17, 1921, P.L. 789, No. 285
P.O. Box 111	:	(40 P.S. §§ 235, 253 and 323.3)
Boston, MA 02117	:	
	:	Section 671.1-A of Act 147 of 2002
	:	(40 P.S. § 310.71)
	:	
	:	Sections 404-A, 408-A(e)(1)(i),
	:	408-A(e)(2)(iii), 410-D(a)(2),
	:	410-E(a)(2) and 410-E(b)(2) of the
	:	Insurance Company Law, Act of May
	:	17, 1921, P.L. 682, No. 284 (40 P.S.
	:	§§ 477b, 625-4, 625-8 and 510)
	:	
	:	Title 31, Pennsylvania Code, Sections
	:	37.61, 81.5(b), 81.6(a)(1), 83.3, 83.55,
	:	89a.113(e) and (f), 146.3, 146.5, 146.6
	:	and 146.7
	:	
	:	Title 18, Pennsylvania Consolidated
	:	Statutes, Section 4117(k)
	:	
Respondent.	:	Docket No. MC05-07-024

CONSENT ORDER

AND NOW, this *8th* day of *AUGUST*, 2005, this Order is hereby
issued by the Deputy Insurance Commissioner of the Commonwealth of

Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra. or other applicable law.

FINDINGS OF FACT

3. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

(a) Respondent is John Hancock Life Insurance Company, and maintains its address at John Hancock Place, Post Office Box 111, Boston, Massachusetts 02117.

(b) A market conduct examination of Respondent was conducted by the Insurance Department covering the period from January 1, 2003 to December 31, 2003.

- (c) On June 21, 2005, the Insurance Department issued a Market Conduct Examination Report to Respondent.
- (d) A response to the Examination Report was provided by Respondent on July 19, 2005.
- (e) After consideration of the July 19, 2005 response, the Insurance Department has modified the Examination Report as attached.
- (f) The Examination Report notes violations of the following:
 - (i) Section 605 of the Insurance Department Act, No. 285 (40 P.S. § 235), which requires that no agent shall do business on behalf of any entity without written appointment from that entity;
 - (ii) Section 623 of the Insurance Department Act, No. 285 (40 P.S. § 253), which prohibits doing business with unlicensed brokers;
 - (iii) Section 903(a) of the Insurance Department Act, No. 285 (40 P.S. § 323.3), which requires every company or person subject to examination must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the Department may require, in order

that its representatives may ascertain whether the company has complied with the laws of the Commonwealth;

- (iv) Section 671.1-A of Act 147 of 2002 (40 P.S. § 310.71), which prohibits producers from transacting business within this Commonwealth without written appointment as required by the Act;

- (v) Section 404-A of the Insurance Company Law, No. 284 (40 P.S. §625-4), which requires when the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence;

- (vi) Section 408-A(e)(1)(i) of the Insurance Company Law, No. 284 (40 P.S. § 625-8), which requires if the policy is applied for as illustrated, a copy of

that illustration, signed in accordance with this section, shall be submitted to the insurer no later than the time the policy application is sent to the insurer.

A copy shall also be provided to the applicant no later than the time the application is signed by the application;

- (vii) Section 408-A(e)(2)(iii) of the Insurance Company Law, No. 284 (40 P.S. § 625-8), which applies if no illustration is used by a producer in the sale of a life insurance policy or if a screen illustration is displayed. If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed by the policy owner no later than the time the policy is delivered. A copy shall be provided to the policy owner at the time the policy is delivered and to the insurer;

- (viii) Section 410D(a)(2) of the Insurance Company Law, No. 284 (40 P.S. § 510c), which requires individual fixed dollar life insurance or endowment policies which are offered as replacements for an existing life insurance policy or annuity contract with the same insurer or insurer group shall not be delivered in the Commonwealth unless they shall have prominently printed on the first page of such policy or attached thereto, a notice stating that the policyholder shall be permitted to return the policy within at least 45 days of its delivery (“free look provision”);

(ix) Section 410E(a)(2) of the Insurance Company Law, No. 284 (40 P.S. § 510d), which states individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth of Pennsylvania, unless they have prominently printed on the first page of such contract or attached thereto, a notice stating in substance that the contractholder shall be permitted to return the contract within at least 45 days of its delivery;

(x) Section 410E(b)(2) of the Insurance Company Law, No. 284 (40 P.S. § 510d) which requires individual variable annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least 45 days of its delivery (“free look provision”);

(xi) Title 31, Pennsylvania Code, Section 37.61 requires termination activity by an entity shall be reported to the Department on a monthly basis, in a format approved by the Department and filed within 30 days of the end of the month being reported;

- (xii) Title 31, Pennsylvania Code, Section 81.5(b), which requires the insurer, as part of a completed application for life insurance or annuity, require a statement signed by the applicant regarding whether the proposed insurance or annuity will replace existing life insurance or annuity;
- (xiii) Title 31, Pennsylvania Code, Section 81.6(a)(1), which requires an insurer that uses an agent or broker in a life insurance or annuity sale shall require with or as part of a completed application for life insurance or annuity, a statement signed by the agent or broker regarding whether the broker knows replacement is or may be involved in the transaction;
- (xiv) Title 31, Pennsylvania Code, Section 83.3, which requires written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such;
- (xv) Title 31, Pennsylvania Code, Section 83.55, which states the surrender comparison index disclosure shall be given as a separate document upon delivery of the policy or earlier if requested by the life insurance applicant. If requested earlier, the index disclosure shall be provided as soon as reasonably possible. A disclosure that is minimally satisfactory to the Department is set forth in Appendix B. If the Appendix B disclosure will be used, a letter prior to use is adequate notification to the Department;

- (xvi) Title 31, Pennsylvania Code, Section 89a.113(e), which states where replacement is intended, the replacing insurer shall notify, in writing, the existing insurer of the proposed replacement. The existing policy shall be identified by the insurer, the name of the insured and the policy number or address including zip code. Notice shall be made within five working days from the date the application is received by the insurer or the date the policy is issued, whichever is sooner;
- (xvii) Title 31, Pennsylvania Code, Section 89a.113(f), which states the insurer shall maintain records demonstrating delivery date of policies so that this date can be used to determine the commencement of the 30-day policy examination period. Delivery date shall be deemed the date the policy is received by the policyholder;
- (xviii) Title 31, Pennsylvania Code, Section 146.3, which requires the claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed;
- (xix) Title 31, Pennsylvania Code, Section 146.5, which requires every insurer, upon receiving notification of a claim, shall within 10 working days,

acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgement shall be made in the claim file of the insurer and dated;

- (xx) Title 31, Pennsylvania Code, Section 146.6 states that if an investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected;
- (xxi) Title 31, Pennsylvania Code, Section 146.7(a)(1) requires that within 15 working days after receipt by the insurer of properly executed proofs of loss, the first party claimant shall be advised of the acceptance or denial of the claim by the insurer. The denial shall be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial;
and
- (xxii) Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), which requires all applications for insurance and all claim forms shall contain or have attached thereto the following notice: "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information

concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.”

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Violations of Sections 605 and 623 of the Insurance Department Act (40 P.S. §§ 235 and 253) are punishable by the following, under Section 639 of the Insurance Department Act (40 P.S. § 279):
 - (i) suspension, revocation or refusal to issue the certificate of qualification or license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act.
 - (iii) issue an order to cease and desist.
 - (iv) impose such other conditions as the department may deem appropriate.

(c) Respondent's violations of Section 671.1-A of Act 147 of 2002 are punishable by the following, under Section 691-A of Act 147 of 2002 (40 P.S. § 310.91):

- (i) suspension, revocation or refusal to issue the certificate of qualification or license;
- (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
- (iii) an order to cease and desist; and
- (iv) any other conditions as the Commissioner deems appropriate.

(d) Respondent's violations of Sections 404-A, 408-A, 410-D and 410-E of the Insurance Company Law, No. 284 (40 P.S. §§625-4, 625-8, 510c and 510d) are punishable by the following, under 40 P.S. § 625-10: Upon determination by hearing that this act has been violated, the commissioner may issue a cease and desist order, suspend, revoke or refuse to renew the license, or impose a civil penalty of not more than \$5,000 per violation.

(e) Respondent's violations of Title 31, Pennsylvania Code, Sections 81.5 and 81.6 are punishable under Title 31, Pennsylvania Code, Section 81.8(b) and (c), which provide failure to comply, after a hearing, may subject a company to penalties provided in 40 P.S. § 475. Failure to comply shall be considered a

separate violation and may not be considered in lieu of a proceeding against the company for a violation of 40 P.S. §§472, 473 or 474. In addition, failure to make the disclosure may be considered a violation of the Unfair Insurance Practices Act (40 P.S. §§ 1171.1 to 1171.15);

(f) Respondent's violations of Title 31, Pennsylvania Code, Section 83.3 are punishable under Title 31, Pennsylvania Code, Section 83.6:

(i) For failing to insure adequate disclosure of basic information, after a hearing, a company may be subject to the penalties provided under 40 P.S. § 475, for violations of 40 P.S. §§ 472 through 474. In addition, failure to make the disclosure outlined in this subchapter may be considered a violation of 40 P.S. §§ 1171.1 through 1171.15.

(g) Respondent's violations of Title 31, Pennsylvania Code, Sections 89a.113(e) and (f), are punishable under 40 P.S. § 991.1114, Penalties; an insurer or agent found to have violated requirements relating to the regulations of long-term care insurance or the marketing of such insurance shall be subject to a civil penalty of up to three times the amount of any commissions paid for each policy involved in the violation, or \$10,000, whichever is greater.

(h) Respondent's violations of Title 31, Pennsylvania Code, Sections 146.3, 146.5, 146.6 and 146.7 are punishable under Section 9 of the Unfair Insurance Practices Act (40 P.S. §§ 1171.9):

(i) cease and desist from engaging in the prohibited activity;

(ii) suspension or revocation of the license(s) of Respondent.

(i) In addition to any penalties imposed by the Commissioner for Respondent's violations of the Unfair Insurance Practices Act (40 P.S. §§ 1171.1 – 1171.5), the Commissioner may, under Sections 10 and 11 of the Unfair Insurance Practices Act (40 P.S. §§ 1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:

(i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);

(ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars (\$1,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.
- (c) Respondent shall comply with all recommendations contained in the attached Report.
- (d) Respondent shall pay Forty Thousand Dollars (\$40,000.00) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.
- (e) Payment of this matter shall be made by check payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Harbert,

Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square,
Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty
(30) days after the date of this Order.

6. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Deputy Insurance Commissioner may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Deputy Insurance Commissioner may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.


8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

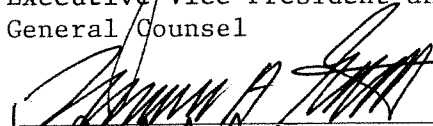
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner.

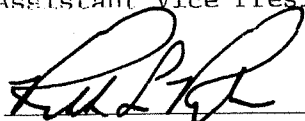
BY: JOHN HANCOCK LIFE INSURANCE
COMPANY, Respondent



Executive Vice President and
General Counsel



Assistant Vice President and Senior Counsel



RANDOLPH L. ROHRBAUGH
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

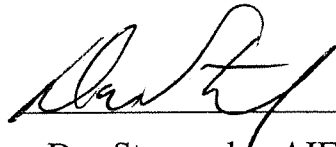
The Market Conduct Examination was conducted on John Hancock Life Insurance Company, hereafter referred to as “Company,” at the Company’s office located in Boston, Massachusetts, June 21, 2004, through August 27, 2004. Subsequent review and follow-up was conducted in the office of the Pennsylvania Insurance Department.

Pennsylvania Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the Officers and Employees of the Company during the course of the examination is acknowledged.

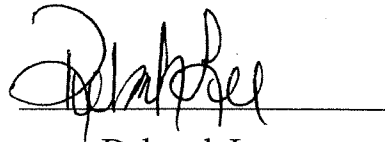
The undersigned participated in the Examination and in the preparation of this Report.



Dan Stemcosky, AIE, FLMI
Market Conduct Division Chief



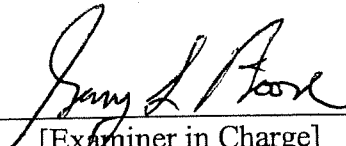
Gary Boose
Market Conduct Examiner



Deborah Lee
Market Conduct Examiner

Verification

Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).

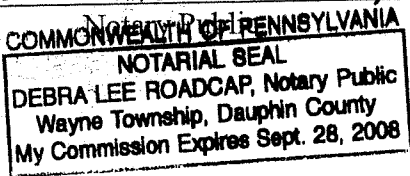


[Examiner in Charge]

Sworn to and Subscribed Before me

This 9th Day of June, 2005

Debra Lee Roadcap



II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act and covered the experience period of January 1, 2003, through December 31, 2003, unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Pennsylvania insurance laws and regulations.

The examination focused on the Company's operation in areas such as: Advertising, Consumer Complaints, Forms, Producer Licensing, Underwriting Practices and Procedures, and Claim Handling Practices and Procedures.

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

During the course of the examination, for control purposes, some of the review segments identified in this Report may have been broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Report, would be included and grouped within the respective general categories of the Examination Report.

III. COMPANY HISTORY AND LICENSING

John Hancock Life Insurance Company was incorporated in the state of Massachusetts on April 21, 1862, and commenced business on December 27, 1862. The Company changed its name from John Hancock Mutual Life Insurance Company to John Hancock Life Insurance Company on February 1, 2000.

The Company is licensed in all states including District of Columbia, Puerto Rico, Guam, Northern Mariana Islands and the Virgin Islands. The Company is also licensed in Canada, provinces of Alberta, Manitoba, Ontario, Quebec and Saskatchewan.

The Company markets life and long term care insurance, annuities and mutual fund products. Their products are sold through a multi-channel strategy that includes John Hancock Financial Network as well as third party distributors. The third party channels include independent agents, brokerage general agents, producer groups, broker-dealers and banks.

As of their December, 2004, annual statement for Pennsylvania, John Hancock Life Insurance Company reported direct premium for life insurance, annuities and other considerations in the amount of \$141,965,456; and direct premium for accident and health in the amount of \$37,885,468.

IV. ADVERTISING

Title 31, Pennsylvania Code, Section 51.2(c) provides that “Any advertisements, whether or not actually filed or required to be filed with the Department under the provisions of this Regulation may be reviewed at any time at the discretion of the Department.” The Department, in exercising its discretionary authority for reviewing advertising, requested the Company to provide copies of all advertising materials used for solicitation and sales during the experience period.

The Company provided a list of 167 pieces of advertising utilized in the Commonwealth during the experience period. The advertising consisted of: life marketing materials, individual long term care marketing materials and annuity marketing materials and the Company’s web page. The 167 advertising materials and the Company’s web site were reviewed to ascertain compliance with Act 205, Section 5 (40 P.S. §1171.5), Unfair Methods of Competition and Unfair or Deceptive Acts or Practices and Title 31, Pennsylvania Code, Chapter 51 and Chapter 89. No violations were noted.

V. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy contracts, riders, endorsements and applications used in order to determine compliance with requirements of Insurance Company Law, Chapter 2, Section 354 (40 P.S. §477b), as well as provisions for various mandated benefits. Applications and claim forms were also reviewed to determine compliance with Title 18, Pa. C.S., Section 4117(k). The following violations were noted:

4 Violations - Title 18, Pa. C. S., Section 4117(k)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice: “Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.” The following applications for insurance did not contain or have attached the required fraud statement. The application form number, description and frequency of use are listed in the table below.

Form Number	Description	Frequency of Use
156-SS-99	Application for Single Premium Immediate Annuity	1
GLTC-ABC-PA 11/97	LTC Group Policy Application	2
GPB-APP-0002 Ed. 5/90	GLTC Application Form	1

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VI. PRODUCER LICENSING

The Company was requested to provide a list of all agents/producers active and terminated during the experience period. Section 605 (40 P.S. §235) of the Insurance Department Act prohibits agents from doing business on behalf of any entity without a written appointment from that entity. Section 623 (40 P.S. §253) of the Insurance Department Act prohibits a company from accepting insurance applications or securing any insurance business through anyone acting without a license. Title 31, Pennsylvania Code, Section 37.61 requires the Company to report all agent terminations to the Department.

Effective June 4, 2003, Insurance Department Act, No. 147, Licensing of Insurance Producers, replaced Section 601 through Section 663 of the Insurance Department Act and any sections of Title 31, Pennsylvania Code, Chapter 37 which are inconsistent with the new statute.

The Company provided a list of 8,135 active agents, and 2,154 terminated agents. A random sample of 200 active agents and 100 terminated agents were compared to departmental records of agents to verify appointments, terminations and licensing. In addition, a comparison was made on the agents identified as producers on applications reviewed in the policy issued sections of the exam. The violations listed below are listed according to the law in effect at the time of the violation.

16 Violations – Insurance Department Act, Section 605(c)(d), (40 P.S. §235)

- (a) No agent shall do business on behalf of any entity without a written appointment from that entity.

- (b) All appointments shall be obtained by procedures established by the Insurance Department's regulations.
- (c) Insurance entities authorized to business in t his Commonwealth shall, from time to time as determined by the Insurance Department, certify to the Insurance Department the names of all agents appointed by them.
- (d) Each appointment fee, both new and renewal, shall be paid in full by the entity appointing the agent.

The following 6 individuals were listed as agents on applications reviewed in the policy issued sections of the exam. Department records do not identify these individuals as being appointed by the Company.

AGENT	APPLICATION DATE
Croasdale, Regina	02-26-2003
Gallagher, James	01-15-2003
Murphy, John	01-19-2003
Smith, David	04-01-2003
Jones, Craig	11-30-2002
Scott, John	04-25-2003

The Company failed to certify and submit appointment fees to the Insurance Department for the following agents or agencies. The Company listed these 10 agents/agencies as active; however, department records did not indicate their appointment.

AGENT	
Youngs, Christopher	Rose, Andrew
Suloman, John	Gueriera, David
Smith, Warren	Frazier Associates
Arno, Lewis	Lowcher, Philip
Szal, Joseph	McDowell, Stephanie

4 Violations – Insurance Department Act, No. 147, Section 671-A (40 P.S. §310.71)

- (a) Representative of the insurer. – An insurance producer shall not act on behalf of or as a representative of the insurer unless the insurer appoints the insurance producer. An insurance producer is not required to be appointed when not acting as a representative of an insurer.
- (b) Representative of the consumer. – An insurance producer acting on behalf of or representing an insurance consumer shall execute a written agreement with the insurance consumer prior to representing or acting on their behalf that:
- (1) Delineates the services to be provided; and
 - (2) Provides full and complete disclosure of the fee to be paid to the insurance producer by the insurance consumer.
- (c) Notification to department. – An insurer that appoints an insurance producer shall file with the department a notice of appointment. The notice shall state for which companies within the insurer’s holding company system or group the appointment is made.
- (d) Termination of appointment. – Once appointed, an insurance producer shall remain appointed by an insurer until such time as the insurer terminates the appointment in writing to the insurance producer or until the insurance producer’s license is suspended, revoked or otherwise terminated.
- (e) Appointment fee. – An appointment fee of \$12.50 will be billed annually to the insurer for each producer appointed by the insurer during the preceding calendar year regardless of the length of time the producer held the appointment with the insurer. The appointment fee may be modified by regulation.
- (f) Reporting. – An insurer shall, upon request, certify to the department the names of all licensees appointed by the insurer.

The following 4 individuals were listed as producers on applications reviewed in the policy issued sections of the exam. Department records do not identify these individuals as being appointed by the company.

AGENT	APPLICATION DATE
Mantzoros, George	06/23/2003
Helmick, Frederick	08/24/2003
Marrella, Paul L.	11/5/2003
Marrella, Paul A.	11/5/2003

2 Violations – Insurance Department Act, Section 623 (40 P.S. §253)

Any entity or the appointed agent of any entity accepting applications or orders for insurance or securing any insurance business through anyone acting without a license commits a misdemeanor of the third degree. The following 2 individuals were listed as agents for the Company, however Department records do not identify them as holding a Pennsylvania insurance license.

AGENT
Youngs, Christopher
Gallagher, James

7 Violations – Title 31, Pennsylvania Code, Section 37.61

Appointments and terminations by entity:

(b) An entity may terminate an agent’s appointment.

(4) Termination activity by an entity shall be reported to the Department on a monthly basis. The report shall be in a format approved by the Department. The report shall be filed within 30 days of the end of the month being reported.

The following agents were listed as terminated by the Company but not reported as terminated to the Department. Department records indicate active status.

AGENT
Robinson, William
Koop, Robert
Vecchiarelli, Anthony
Smith, Warren
McDonald, Bruce
Westmark C & Assoc.
Burke, Julie

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for 2000, 2001, 2002 and 2003. The Company identified 92 written consumer complaints and provided complaints logs for 2000, 2001, 2002 and 2003. Of the 92 consumer complaints identified, 31 were forwarded from the Department. All 92 consumer complaint files were requested, received and reviewed.

The Department's list of written consumer complaints that were forwarded to the Company during the experience period was compared to the Company's complaint log. The complaint files and the 4 years of complaint logs were reviewed for compliance with the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171). Section 5 (a)(11) of the Act requires maintenance of a complete record of all complaints received during the preceding four (4) years. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint. Written complaint files involving claims were also reviewed for compliance with Title 31, Pennsylvania Code, Section 146.5(b) and 146.5(c), Unfair Claims Settlement Practices. No violations were noted.

VIII. UNDERWRITING

The Underwriting review was sorted and conducted in 20 general segments.

- A. Underwriting Guidelines
- B. Group Policies Issued – Long Term Care
- C. Group Certificates Issued
- D. Group Annuity Contracts
- E. Annuity Policies Issued
- F. Life Policies Issued
- G. Long Term Care Policies Issued
- H. Life Policies Declined
- I. Long Term Care Policies Declined
- J. Annuity Policies Terminated
- K. Life Policies Terminated
- L. Long Term Care Policies Terminated
- M. Individual Disability Income and Health Policies Terminated
- N. Annuity Policies Issued As Replacements
- O. Life Policies Issued As Replacements
- P. Long Term Care Policies Issued As Replacements
- Q. Annuities Not-Taken
- R. Life Policies Not-Taken
- S. Long Term Care Policies Not-Taken
- T. Life Term Conversions

Each segment was reviewed for compliance with underwriting practices and included forms identification and agent identification. Issues relating to forms or agent/broker licensing appear in those respective sections of the Report and are not duplicated in the Underwriting portion of the Report.

A. Underwriting Guidelines

The Company was requested to provide all underwriting guidelines and manuals utilized during the experience period. The materials were reviewed to ensure underwriting guidelines were in place and being followed in a uniform and consistent manner and no underwriting practices or procedures were in place that could be considered discriminatory in nature, or specifically prohibited by statute or regulation. No violations were noted.

The following underwriting guidelines were received and reviewed:

Annuity Products

- Disk of Group Annuity Underwriting for the GIC underwriting product area
- Paper copy of underwriting guidelines SPA (single purchase annuity) and TFA (terminal funded annuity) business
- Paper copy of narrative statements of internal underwriting control procedures
- Sample contracts of annuities
- Copy of all Group Annuity Certificate Forms

Long Term Care Products

- Disk of Underwriting Guide LTC-1727 7/02
- Disk of Underwriting Guide LTC-1727 7/03
- RLTC Underwriting Procedures
- Underwriting Procedures Doc.
- Disk of Group LTC Underwriting Manual
- Disk of Group LTC Workflow Outline

Life Products/All Products

- Copies of News Alerts with updates
- Copies of Underwriting Guidelines for Retail Life and Annuity Products

B. Group Policies Issued – Long Term Care

The Company identified one group long term care policy issued during the experience period. The group policy file was requested, received and reviewed. The policy file was reviewed to determine underwriting and forms compliance. No violations were noted.

C. Group Certificates Issued

The Company was requested to provide a list of all certificate holders enrolled during the experience period. The Company provided a list of 12 group certificate holders. All 12 certificate holders' files were requested, received and reviewed. The files were reviewed to ensure compliance with Pennsylvania Consolidated Statutes, Section 4117(k). No violations were noted.

D. Group Annuity Contracts

The Company was requested to provide a list of all group annuitants who were issued contracts, exercised their annuity option, terminated or completed payments of their annuities. The following table summarizes the number for each annuity category and the number sampled and reviewed.

Category	Universe	Sample
Annuity Issued (Additional Purchase)	6	6
Annuities Terminated	4	4
Annuity Options Exercised	310	50
Annuity Paid Up	104	25
Total	424	85

The 85 annuity files were reviewed to ensure compliance with contract provisions, issuance and termination laws and regulations. No violations were noted

E. Annuity Policies Issued

The Company identified a universe of 1,283 annuity policies issued during the experience period. A random sampling of 100 annuity files was requested, received, and reviewed. The annuity files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

6 Violations - Insurance Department Act, Section 903 (40 P.S. §323.3)

Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The 6 files noted were missing signed application amendments.

1 Violation - Title 31, Pennsylvania Code, Section 81.5(b)

The insurer shall require as part of a completed application for life insurance or annuity a statement signed by the applicant as to whether the proposed insurance or annuity will replace existing life insurance or annuity. The applicant's replacement question was not answered in the file noted.

2 Violations - Title 31, Pennsylvania Code, Section 81.6(a)(1)

An insurer that uses an agent or broker in a life insurance or annuity sale shall: Require with or as part of a completed application for life insurance or annuity a statement signed by the agent or broker as to whether the broker knows replacement is or may be involved in the transaction. The applications did not contain an agent's statement regarding replacement in the 2 files noted.

29 Violations - Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the producer delivers the individual policy or annuity to the policyholder by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means other than by hand delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of the date of policy delivery could not be established in the 29 files noted.

4 Violations – Insurance Company Law, Section 410E(a)(2) (40 P.S. §510d)

Individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contractholder shall be permitted to return the

contract within at least forty-five (45) days of its delivery. The 4 files noted did not contain the required 45-day "free look" statement.

3 Violations – Insurance Company Law, Section 410E(b)(2) (40 P.S. §510d)

Individual variable annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least forty-five (45) days of its delivery. The 3 files noted did not contain the required 45-day "free look" statement.

F. Life Policies Issued

The Company identified a universe of 76 life policies issued during the experience period. All 76 life policies were requested, received, and reviewed. Life issued policy files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

27 Violations – Title 31, Pennsylvania Code, Section 83.55

(a) The Surrender Comparison Index Disclosure shall be given as a separate document upon delivery of the policy or earlier if requested by the life insurance applicant. If requested earlier, the index disclosure shall be provided as soon as reasonably possible.

(b) A disclosure that is minimally satisfactory to the Insurance Department is set forth in Appendix B. If the Appendix B disclosure will be used, a letter to that effect, prior to use, is adequate notification to the Department for review prior to

use. The 27 files noted did not include the Cost Surrender Comparison Index Disclosure.

5 Violations - Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of the date of policy delivery could not be established in the 5 files noted.

**3 Violations – Insurance Company Law, Section 408-A (e)(1)(i)
(40 P.S. §625-8)**

If the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this section, shall be submitted to the insurer no later than the time the policy application is sent to the insurer. A copy shall also be provided to the applicant no later than the time the application is signed by the applicant. The agent certification and applicants acknowledgement of the illustration used was signed and dated after the application date in the 3 files noted.

3 Violations – Insurance Company Law, Section 408-A(e)(2)(iii)

(40 P.S. §625-8)

The following applies if no illustration is used by a producer in the sale of a life insurance policy or if a screen illustration is displayed. If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed by the policy owner no later than the time the policy is delivered. A copy shall be provided to the policy owner at the time the policy is delivered and to the insurer. The 3 files noted did not contain the signed certification and acknowledgement of the delivery of an illustration.

4 Violations – Insurance Company Law, Section 410D (a)(2) (40 P.S. §510c)

Individual fixed dollar life insurance or endowment policies which are offered as replacements for an existing life insurance policy or annuity contract with the same insurer or insurer group shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least forty-five (45) days of its delivery. The 4 files noted did not contain the required 45-day "free look" statement.

G. Long Term Care Policies Issued

The Company was requested to identify all individual long term care policies issued during the experience period. The Company identified a universe of 4,440 individual long term care policies issued. A random sample of 200 files was requested and received. Of the 200 files received, 2 files contained policies not issued in Pennsylvania. The remaining 198 policy files were reviewed for

compliance with Title 31, Pennsylvania Code, Chapter 89a. The following violations were noted:

6 Violations – Title 31, Pennsylvania Code, Section 89a.113(f)

The insurer shall maintain records demonstrating delivery date of policies so that this date can be used to determine the commencement of the 30-day policy examination period. Delivery date shall be deemed the date the policy is received by the policyholder. Verification of the date of policy delivery could not be established in the 6 files noted.

H. Life Policies Declined

The Company was requested to provide a list of all individual life policies declined during the experience period. The Company identified a total of 3 applications declined coverage during the period. All 3 files were requested, received, and reviewed. Application files were reviewed for compliance with Title 18 PA. C.S., Section 4117(k), the Unfair Insurance Practices Act, No. 205, and to ensure no practices of a discriminatory nature were used. No violations were noted.

I. Long Term Care Policies Declined

The Company was requested to identify all individual long term care policies declined during the experience period. The Company identified a universe of 1,054 individual long term care policies declined. A random sample of 50 files was requested, received and reviewed. The files were reviewed to ensure

compliance with contract provisions, declination laws and regulations, and proper return of any unearned premium. No violations were noted.

J. Annuity Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience. The Company identified a universe of 1,564 annuities terminated. A random sample of 25 annuity files was requested, received, and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

The following table is a synopsis of the 25 annuity policies terminated.

Number	Termination Reason	Percent
7	Insured Request Cash Surrender	28%
12	Transfer/Rollover to Other Annuity Plan	48%
6	Death	24%
25	Totals	100%

CONCERN: The Department is concerned with the Company recordkeeping. The Department identified 2 of the 25 files reviewed as 1035 Exchanges. One file represented an internal replacement from a Fixed Annuity to a Variable Annuity and returning to a Fixed Annuity within an eighteen-month period. The other file represented an internal replacement from a Variable Annuity to a Fixed Annuity within a twenty-three month period. The files should have been identified in the appropriate section for examination (Section 11a, Annuity Replacements).

K. Life Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 8,551 life insurance policies terminated. A random sample of 50 files was requested, received, and reviewed. The 50 policies were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

The following is a synopsis of the 50 files reviewed.

Number	Termination Reason	Percent
9	Lapse	18%
5	Policy Matured	10%
11	Cash Surrender	22%
25	Death	50%
50	Totals	100%

L. Long Term Care Policies Terminated

The Company was requested to identify all individual long term care policies terminated during the experience period. The Company identified a universe of 968 individual long term care policies terminated. A random sample of 25 files was requested, received and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

The following is a synopsis of the long term care policies terminated:

Number	Reason Terminated	Percent
8	Policy Lapsed	32
9	Withdrawn/canceled	36
5	Upgraded to New Policy	20
3	Death	12
25	Totals	100

M. Individual Disability Income and Health Policies Terminated

The Company was requested to identify all policies terminated during the experience period. The Company identified 71 individual disability income and health policies terminated. A random sample of 25 terminated files was requested, received, and reviewed. The files were reviewed to ensure that the terminations were not the result of any discriminatory underwriting practice. No violations were noted.

The following is a synopsis of the 25 files reviewed.

Number	Reason Terminated	Percent
1	Lapsed in Error	4
2	Death	8
3	Lapsed/Insured Requested	12
19	Lapsed	76
25	Total	100

N. Annuity Policies Issued As Replacements

The Company identified a universe of 143 annuity policies issued as replacements during the experience period. A random sample of 20 files was requested, received, and reviewed. The policy files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

1 Violation - Insurance Department Act, Section 903 (40 P.S. §323.3)

Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The file noted was missing the applicant's signature that is required on an amendment to the application.

1 Violation - Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means

other than by hand delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of the date of policy delivery could not be established in the file noted.

11 Violations – Insurance Company Law, Section 410E(a)(2) (40 P.S. §510d)

Individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contractholder shall be permitted to return the contract within at least forty-five (45) days of its delivery. The 11 files noted did not contain the required 45-day "free look" statement.

O. Life Policies Issued As Replacements

The Company identified a universe of 20 life policies issued as replacements during the experience period. A random sample of 5 files was requested, received, and reviewed. The policy files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

2 Violations – Title 31, Pennsylvania Code, Section 83.3 Disclosure Statement

(a) Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective

purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. The 2 files noted were missing the required disclosure.

**1 Violation – Insurance Company Law, Section 408-A (e)(1)(i)
(40 P.S. §625-8)**

If the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this section, shall be submitted to the insurer no later than the time the policy application is sent to the insurer. A copy shall also be provided to the applicant no later than the time the application is signed by the applicant. The file noted did not contain evidence of illustrations used at the time of application.

2 Violations – Insurance Company Law, Section 410D (a)(2) (40 P.S. §510c)

Individual fixed dollar life insurance or endowment policies which are offered as replacements for an existing life insurance policy or annuity contract with the same insurer or insurer group shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least forty-five (45) days of its delivery. The 2 files noted did not contain the required 45-day "free look" statement.

P. Long Term Care Issued As Replacements

The Company identified a universe of 189 long term care policies issued as replacements during the experience period. A random sample of 50 files was requested, received, and reviewed. The long term care replacement files were

reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

5 Violations – Title 31, PA Code, Section 89a. 113(e)

Where replacement is intended, the replacing insurer shall notify, in writing, the existing insurer of the proposed replacement. The existing policy shall be identified by the insurer, the name of the insured and policy number or address including zip code. Notice shall be made within 5 working days from the date the application is received by the insurer or the date the policy is issued, whichever is sooner. The 5 files noted did not include a letter to the replaced company, as the replacement question was affirmative.

1 Violation – Insurance Department Act, Section 903 (40 P.S. §323.3)

Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily verify the financial condition of the Company or person and ascertain whether the Company or person has complied with the laws of this Commonwealth. The file noted was missing the applicant's certification on an amendment to the application.

6 Violations – Title 31, Pennsylvania Code, Section 89a.113(f)

The insurer shall maintain records demonstrating delivery date of policies so that this date can be used to determine the commencement of the 30-day policy examination period. Delivery date shall be deemed the date the policy is received

by the policyholder. Verification of the date of policy delivery could not be established in the 6 files noted.

Q. Annuities Not-Taken

The Company was requested to provide a list of all individual policies not-taken during the experience period. The Company identified a universe of 22 annuities not-taken. Of the 22 files requested, 21 were received and reviewed. One file listed was a duplicate. A not-taken annuity by definition is a contract that is issued, but the annuitant declines the contract. The files were reviewed to ensure compliance with the free look provisions of the contract. No violations were noted.

R. Life Policies Not-Taken

The Company was requested to identify all individual policies not-taken during the experience period. The Company identified a total of 11 individual life policies not-taken. All 11 policies were requested, received, and reviewed. A not-taken policy is a contract that was issued by the Company, but the insured decides to decline the contract. The files were reviewed to ensure compliance with contract provisions, proper return of any unearned premium, and to ensure compliance with the free look provisions of the contract. No violations were noted.

S. Long Term Care Policies Not-Taken

The Company was requested to identify all individual policies not-taken during the experience period. The Company identified a universe of 398 individual long term care policies not-taken. A random sample of 50 files was requested, received and reviewed. The files were reviewed to ensure compliance with free look provisions of the contract. No violations were noted.

T. Life Term Conversions

The Company was requested to provide a list of all individuals converting their term life coverage to permanent life coverage during the experience period. The Company identified 27 conversion policies. All 27 conversion files were requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

1 Violation - Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by the

producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of the date of policy delivery could not be established in the file noted.

1 Violation – Insurance Company Law, Section 408-A(e)(2)(iii)

(40 P.S. §625-8)

The following applies if no illustration is used by a producer in the sale of a life insurance policy or if a screen illustration is displayed. If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed by the policy owner no later than the time the policy is delivered. A copy shall be provided to the policy owner at the time the policy is delivered and to the insurer. The file noted did not contain the signed certification and acknowledgement of the delivery of an illustration.

IX. INTERNAL AUDIT AND COMPLIANCE PROCEDURES

The Company was requested to provide copies of their internal audit and compliance procedures. The audits and procedures were reviewed to ensure compliance with Insurance Company Law, Section 405-A (40 P.S. §625-5). Section 405-A provides for the establishment and maintenance of internal audit and compliance procedures, which provides for the evaluation of compliance with all statutes and regulations dealing with sales methods, advertising, and filing and approval requirements for life insurance and annuities. The procedures shall also provide for the following:

- (1) Periodic reviews of consumer complaints in order to determine patterns of improper practices.
- (2) Regular reporting to senior officers and the board of directors or an appropriate committee thereof with respect to any significant findings.
- (3) The establishment of lines of communication, control and responsibility over the dissemination of advertising and promotional materials, including illustrations and illustration explanations, with the requirement that such materials shall not be used without the approval by company employees whose compensation, other than generally applicable company bonus or incentive plans, is not directly linked to marketing or sales.

No violations were noted.

X. CLAIMS

The claims review consisted of a review of the Company's claim manuals and a review of the claim files. The Company was requested to provide copies of all procedural guidelines including all manuals, memorandums, directives and any correspondence or instructions used for processing claims during the experience period. The Company provided the following claim manuals:

1. Internal Audit Claims Reviews
2. Individual Life Claim Process
3. Group Long Term Care Claim Process
4. Individual Long Term Care Claim Process

The claim manuals and procedures were reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

The Claim file review consisted of 2 areas:

- A. Individual Life Claims
- B. Long Term Care Claims

All claim files sampled were reviewed for compliance with requirements of the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171). The insured submitted claims were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices and the provider submitted claims were reviewed for compliance with Act 68, Section 2166 (40 P.S. §991.2166), Prompt Payment of Provider Claims. The life claims were additionally reviewed for compliance with Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b).

A. Individual Life Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 6,046 individual life claims. A random sample of 150 claims was requested and received for review. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

36 Violations – Title 31, Pennsylvania Code, Section 146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The 36 files noted were missing pertinent data.

8 Violations - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the 8 claims noted within 10 working days.

33 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide a timely status letter for the 33 claims noted.

1 Violation - Title 31, Pennsylvania Code, Section 146.7

Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first- party claimant shall be advised of the acceptance or denial of the claim by the insurer. The Company failed to provide notice of acceptance or denial within 15 working days for the claim noted.

B. Long Term Care Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified 158 long term care claims received. A sample of 75 long term care claims was requested, received and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. The following violations were noted:

2 Violations – Title 31, Pennsylvania Code, Section 146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The 2 claim files noted were missing pertinent information.

2 Violations - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the 2 claims noted within 10 working days.

20 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable

written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide a timely status letter for the 20 claims noted.

3 Violations- Title 31, Pennsylvania Code, Section 146.7

Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first- party claimant shall be advised of the acceptance or denial of the claim by the insurer. The Company failed to provide notice of acceptance or denial within 15 working days for the 3 claims noted.

XI. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other violations, noted in the Report.

1. The Company must implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pennsylvania Consolidated Statutes Section 4117(k).
2. The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.
3. The Company must review and revise Licensing procedures to ensure compliance with Sections 641.1-A, Section 671-A and Section 671.1-A of the Insurance Department Act of 1921 (40 P.S. §§310.41a, 310.71 and 310.71a).
4. The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such manner and for such period of time to ensure compliance with Section 903(a) of the Insurance Department Act of 1921 (40 P.S. §323.3).
5. The Company must review and revise internal control procedures to ensure compliance with the replacement requirements of Title 31, Pennsylvania Code, Chapter 81.
6. The Company must review internal control procedures to ensure compliance with disclosure requirements of Title 31, Pennsylvania Code, Chapter 83.
7. The Company must review and revise internal control procedures to ensure compliance with the policy delivery and replacement requirements of Title 31, Pennsylvania Code, Chapter 89a. Long-Term Care Insurance.

8. The Company must implement procedures to ensure compliance with the policy delivery receipt requirements of Section 404-A of the Insurance Company Law of 1921 (40 P.S. §625-4).
9. The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of Section 408-A of the Insurance Company Law of 1921 (40 P.S. §625-8).
10. The Company must review internal control procedures to ensure compliance with Section 410D of the Insurance Company Law of 1921 (40 P.S. §510c) pertaining to the “Free Look” provision requirements for life insurance and endowment insurance.
11. The Company must review internal control procedures to ensure compliance with Section 410E of the Insurance Company Law of 1921 (40 P.S. §510d) pertaining to the “Free Look” provision requirements for annuity and pure endowment contracts.

XII. COMPANY RESPONSE



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William A. Gottlieb
Assistant Vice President and Senior Counsel

July 18, 2005

VIA UNITED PARCEL SERVICE

Daniel Stemcosky, AIE, FLMI
Market Conduct Examiner II
Examiner in Charge
Commonwealth of Pennsylvania
Insurance Department
Bureau of Enforcement
Market Conduct Division
1321 Strawberry Square
Harrisburg, PA 17120

Re: Market Conduct Examination

Dear Mr. Stemcosky:

I am writing on behalf of John Hancock Life Insurance Company, (hereinafter referred to as "John Hancock" or the "Company"), in response to the "Report of Examination of John Hancock Life Insurance Company" (the "Report").

Introduction (Section I, Page 3)

The Report states, "Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated". Respectfully, this is incorrect. The on-site portion of the Examination began on June 21, 2004 and ended on August 26, 2004. However, it was only at the "exit interview" held on August 26, 2004, that the Company was presented with the "Initial Summaries" of the examination, which contained the alleged violations of law as suggested by the examiners. The Department conducted the examination without providing the Company with any contemporaneous feedback in the form of criticisms or comment forms. This protocol unnecessarily left to the end of the examination, the surprise unveiling of the examiners' finding and put the Company in the difficult position of having to respond to a substantial number of alleged violations of law in a truncated time frame. Respectfully, this methodology is inconsistent with every other state examination the Company has experienced. It is extremely burdensome to independently review the product of four examiners' on-site work for a two month period in such a limited amount of time. With all due deference, the Company believes it would have been far more effective for the examiners while at the Company, to have

contemporaneously raised the issues of concern through the use of criticisms or comment forms. This would have eliminated a great deal of confusion and would have limited and perhaps avoided the intermediate steps of "Initial" and "Exit" summaries, neither of which are referenced in the NAIC Market Conduct Examiners' Handbook or in Pennsylvania Statutes. Respectfully, these steps are unnecessarily time consuming and expensive for the examined company. In any event, the referenced portion of the Report should be deleted or appropriately amended.

NAIC Market Conduct Examiners Standards

The National Association of Insurance Commissioners ("NAIC") Market Conduct Examiners Handbook sets forth standards for the conduct of market conduct examinations. 40 P.S. §323.4 is entitled, "Conduct of Examinations" and reads in pertinent part as follows: "In conducting the examination, the examiner shall observe those guidelines and procedures set forth in the Examiners' Handbook adopted by the NAIC". Notwithstanding this requirement, the examiners appeared to have ignored the error tolerance ratios mandated by the NAIC. As such, the Company objects to all of the violations alleged in the Report that fall below the error tolerance ratios established by the NAIC.

Forms Section V, Pages 9 – 10

A. Insurance Company Law, Section 354 (40 P.S. § 477b)

In the Initial Summary, there were 16 violations alleged of Insurance Company Law, Section 354 (40 P.S. §477b). A copy is attached as "Exhibit A". In this regard, there was one violation alleged for each of the forms at issue. In its response, the Company contested all 16 alleged violations. Although the Department disagreed with the Company's position, the Exit Summary that the Company received in March of 2005, reduced the number of alleged violations to 15 because, as the Company had pointed out in its response, the Department had cited one form twice. Again, there was one violation for each form. A copy of the first Exit Summary is attached as "Exhibit B".

In the "Final Exit Summary Revised June 15, 2002", a copy of which is attached as "Exhibit C", the Department cited only the following five forms: 1.) GLTC-EC-1/99; 2) RVALDATA 11/02; 3) RVALDATA 5/03; 4) RVALDATA 5/02; and 5) RVALDATA 6/02. Consistent with the substance of the two earlier summaries, the Department cited one alleged violation of Insurance Company Law, Section 354 (40 P.S. §477b) per form. However, in the Report, the Department has now used a "Frequency of Use" multiplier to inflate the number of alleged violations to 17. Preliminarily, the Company objects to the "Frequency of Use" reference. Not only is it an undefined term, the Company has no knowledge as how and when each "use" is alleged to have occurred. This last minute change of position by the Department is inappropriate and inequitable. As such, at minimum, the Report should be revised to reflect no more than 5 violations of law.

The Department has taken the position that the documents at issue are "applications" that must be "filed for approval". The Company continues to vehemently contest that these forms are applications.

1. GLTC-EC-1/99

GLTC-EC-1/99 is an enrollment card for guaranteed issue for group long-term care insurance. Since it is used for guaranteed issue, it is an administrative form and not an "application", "rider", or "endorsement" as referenced in 40 P.S. § 477b.

2. RVALDATA 11/02

3. RVALDATA 5/03

4. RVALDATA 5/02

5. RVALDATA 6/02

The above-referenced forms are "data gathering forms", which are administrative forms used to collect information to initiate an annuity contract. The data gathering forms are not attached to nor part of the annuity contracts. In correspondence sent to the Department, John Hancock disclosed that these data gathering forms would be utilized instead of an application. In Peter Scavongelli's January 10, 2003 letter to Sally Engle, the Director of the Bureau of Life at the Department, he wrote, "Applicable contractholder data will be collected through an administrative means, such as electronic feeds, administrative data gathering forms, etc. rather than through use of an application form ...". A copy of this letter is attached as "Exhibit D".

Initially, the Department raised an objection to the data gathering forms and suggested that they were required to be filed as applications. However, I am advised by Mr. Scavongelli that he spoke on several occasions to Policy Examiner Supervisor Paul Makurath at the Department and it was the Company's resulting understanding that Mr. Makurath reviewed this issue with the Department's legal department. Ultimately, the Department acknowledged and accepted the Company's position on the data gathering forms, and did not require them to be filed. In this regard, in a letter dated June 24, 2003, Policy Examiner Timothy Wolfe wrote, "The Department accepts the Company's explanation regarding the form". A copy of Mr. Wolfe's letter is attached as "Exhibit E".

In response to the Company's position on this matter, the Department wrote in the Final Exit Summary Revised June 11, 2005 that, "Timothy Wolfe, Policy Examiner, ... clearly states, on page two, that, "The Department understands that the Company is not using a "traditional", labeled as such application to collect the usual data per the last sentence on page one of the cover letter. However, "administrative data gathering forms" will be issued instead. " *Those forms are applications and must be submitted*" with the required Section 85.32 of Title 31, Pennsylvania Code statement" (sic). However, the Department was quoting from Mr. Wolfe's letter dated February 21, 2003. A copy is attached as "Exhibit F". Mr. Wolfe's subsequent acceptance of the Company's position was in response to the Company's submission on May 12, 2003, a copy of which is attached as "Exhibit G". The letter was written by Michele Fluett. Ms. Fluett wrote:

Based upon discussions with Mr. Paul Makurath of your Department, our understanding is that these inquiries are focused on determining whether our data gathering form, which we also refer to as a "snap-app" or "snap-ticket" is an

application that requires submission and prior approval prior to use. We hope you will agree that our form is not an application so that we can align it with our administrative forms and processes. It is enclosed for your reference.

In conclusion on this issue, Ms. Fluett wrote the following:

Given our electronic processes, the fact that there is no signature on the form, that the form does not attach to the contract, and the fact that we will not use the form to contest a claim, we have difficulty seeing how this form is any different than a change of beneficiary form, or any other administrative form. It's not used to apply for the annuity, but rather it's used as a means of supplying us with data necessary to issue a contract. Mr. Makurath indicated that the department has agreed with other carriers that their forms did not rise to the level of an application form. Again, we're hopeful that you will take the same position with John Hancock's "snap-ticket."

Thus, to reiterate, Mr. Wolfe's June 24, 2003 response overtly accepted on behalf of the Department, the Company's position that the data gathering forms were administrative forms and the are not applications subject to filing and approval under 40 P. S. §477b. As such, it would be wholly inconsistent with the Department's prior written position on this matter to take a contrary position now. John Hancock relied on the position taken by the Department. For the Department to now cite a violation of Pennsylvania law would be both hypocritical and inequitable. Consequently, these alleged violations should be withdrawn and deleted from the Report.

B. Title 18, Pa. C.S., Section 4117(k)

In the Initial Summaries, there were 17 alleged violations of Title 18, Pa.C.S., Section 4117(k). The Company contested 16 of the 17. In the "Final Exit Summary Revised June 15, 2002", the number was reduced to 16, one for each form that remained at issue. In the Report, for the first time, the Department has added the following 8 forms:

1. GLTC-EC-1/99
2. GLTC-ABC-PA 11/97
3. GPB-APP-0002 Ed. 5/90
4. GPACHDATA 3/03
5. REXIDATA 5/03
6. REXIDATA 6/02
7. REXIDATA 10/01
8. GPACH2DATA 3/03

As a result, there are now a total of 22 forms at issue. The Company objects to the last minute inclusion of these forms in the Report. Moreover, for the first time, the Department has added a "Frequency of Use" multiplier to drive the total number of alleged violations up to 114 violations. Again, "Frequency of Use" is an undefined term. The Company has no knowledge as to the alleged factual basis the Department has for

the stated numbers in the Frequency of Use column. The Company objects to this and asserts as a preliminary matter, that no more than 16 violations should be alleged here. Also, under "Description", for the first time, the Department is referring to the documents as an "Application". In the prior summaries, the Department, under the "Descriptive Name", did not use the designation "Application". The Company objects to the inclusion of the term "Application". This is the Department's term, it is not a description that John Hancock used or agrees with.

1. GLTC – ABC-PA 11/97
2. 156-SS-99

LTC-ABC-PA 11/97 is entitled, "Application for Insurance Under the ABC Company Long-Term Care Insurance Plan". I am advised that this is the only application for the plan. A copy of the form approved by the Department is attached as "Exhibit H". It is my understanding that 156-SS-99 was also approved by the Department. Since these forms were reviewed and approved by the Department, the Company believed them to be in compliance with Pennsylvania law.

3. FGPCHDGF 11/02
4. GPACHDATA 5/01
5. RVALDATA 11/02
6. FGPACHDATAAN 10/01
7. RVALDATA 5/03
8. SSA DATA 10/02
9. RVALDATA 5/02
10. RVALDATA 6/02
11. FGPACH2DGF 3/03
12. FGPACHDATAAN 5/02

As to the balance of the alleged violations, Title 18 Pa. C.S. Section 4117(k) states that the fraud statement is required on all "applications for insurance". As previously detailed in this letter, the Department previously acknowledged that such data gathering forms are not applications. For the same reasons as previously articulated, all 144 alleged violations should be withdrawn and deleted from the Report.

Producer Licensing (Section VI, Page 11)

In the first paragraph, there is an inadvertent incomplete sentence that reads, "Section 623 (40 P.S. § 253) of Insurance Department Act prohibits a company from accepting insurance license". This should be corrected by the Department.

Life Term Conversions (Section VIII.T., Page 35)

The last sentence reads, "Verification of the date of policy delivery could not be established in the 29 files noted". Only one file was cited in the report. As such, the "29" should read "1".

Daniel Stemcosky, AIE, FLMI
July 18, 2005
Page 6

John Hancock is hopeful that the Department will give serious consideration to John Hancock's responsive comments and pursuant to 40 P.S. §323.5(c)(1), modify the Report accordingly. Alleged violations or references in the Report which have not been specifically addressed in this response are not necessarily accepted nor adopted as accurate. Further, John Hancock reserves the right to supplement its response in the future as may be necessary. John Hancock specifically reserves all rights afforded to it by Pennsylvania law. The Company looks forward to the opportunity to discuss these issues with the Department and to resolving the balance of the Examination in an expeditious and amicable manner.

Thank you for your attention to this matter.

Yours truly,

A handwritten signature in black ink, appearing to read 'William A. Gottlieb', with a long horizontal line extending to the right.

William A. Gottlieb
Assistant Vice President and Senior Counsel

WAG:lce

cc: Anne Marie Graceffa

Revised

John Hancock Life Insurance Company

Forms Section 15

Initial Summary

The Company was requested to provide a list and copies of all policy forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period. The forms provided and forms reviewed in various underwriting sections of the exam were reviewed to ensure compliance with Insurance Company Law, Section 354 and Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), Fraud notice. For initial exam purposes, forms violations found in the other sections of the examination will be addressed in their respective initial summaries.

The following violations were noted:

16 Violations – Insurance Company Law, Section 354 (40 P.S. §477b)

It shall be unlawful for any insurance company, association, or exchange, including domestic mutual fire insurance companies, doing business in this Commonwealth, to issue, sell, or dispose of any policy, contract, or certificate, covering life, health, accident, personal liability, fire, marine, title, and all forms of casualty insurance or contracts pertaining to pure endowments or annuities, or any other contracts of insurance, or use applications, riders, or endorsements, in connection therewith, until the forms of the same have been submitted to and formally approved by the Insurance Commissioner.

The following forms were not filed for approval:

Form Number	Descriptive Name
GLTC-EC-1/99	Group Long Term Care
1911 Ed 11-75	Group Certificate/ Additional Purchase
5719G Ed 9/75	Group Certificate/ Additional Purchase
19-2, 13105 GAC Ed 12-78	Group Certificate/ Additional Purchase
FGPCHDGF 11/02	Annuity
GPACHDATA 5/01	Annuity
RVALDATA 11/02	Annuity
FGPACHDATAAN 10/01	Annuity
RVALDATA 5/03	Annuity
SSA DATA 10/02	Annuity
RVALDATA 5/02	Annuity
RVALDATA 6/02	Annuity
ANNQUALTR 6/02	Annuity
FGPACH2DGF3/03	Annuity
FGPACHDATAAN 5/02	Annuity
FGPCHDGF 11/02	Annuity

17 Violations – Title 18 PA. C.S., Section 4117(k)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice:

“Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.”

The following applications for insurance did not contain or have attached the required fraud statement.

Form Number	Descriptive Name
156-SS-99	Application for Single Premium Immediate Annuity
GLTC	LTC Group Policy Application for the Hay Group
1911 Ed 11-75	Group Certificate/ Additional Purchase
5719G Ed 9/75	Group Certificate/ Additional Purchase
19-2, 13105 GAC Ed 12-78	Group Certificate/ Additional Purchase
FGPCHDGF 11/02	Annuity
GPACHDATA 5/01	Annuity
RVALDATA 11/02	Annuity
FGPACHDATAAN 10/01	Annuity
RVALDATA 5/03	Annuity
SSA DATA 10/02	Annuity
RVALDATA 5/02	Annuity
RVALDATA 6/02	Annuity
ANNQUALTR 6/02	Annuity
FGPACH2DGF3/03	Annuity
FGPACHDATAAN 5/02	Annuity
FGPCHDGF 11/02	Annuity

John Hancock Life Insurance Company

Forms Section 15

Exit Summary

The Company was requested to provide a list and copies of all policy forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period. The forms provided and forms reviewed in various underwriting sections of the exam were reviewed to ensure compliance with Insurance Company Law, Section 354 and Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), Fraud notice. For initial exam purposes, forms violations found in the other sections of the examination will be addressed in their respective initial summaries.

The following violations were noted:

15 Violations – Insurance Company Law, Section 354 (40 P.S. §477b)

It shall be unlawful for any insurance company, association, or exchange, including domestic mutual fire insurance companies, doing business in this Commonwealth, to issue, sell, or dispose of any policy, contract, or certificate, covering life, health, accident, personal liability, fire, marine, title, and all forms of casualty insurance or contracts pertaining to pure endowments or annuities, or any other contracts of insurance, or use applications, riders, or endorsements, in connection therewith, until the forms of the same have been submitted to and formally approved by the Insurance Commissioner.

The following forms were not filed and approved:

Form Number	Descriptive Name
GLTC-EC-1/99	Group Long Term Care
1911 Ed 11-75	Group Certificate/ Additional Purchase
5719G Ed 9/75	Group Certificate/ Additional Purchase
19-2, 13105 GAC Ed 12-78	Group Certificate/ Additional Purchase
FGPCHDGF 11/02	Annuity
GPACHDATA 5/01	Annuity
RVALDATA 11/02	Annuity
FGPACHDATAAN 10/01	Annuity
RVALDATA 5/03	Annuity
SSA DATA 10/02	Annuity
RVALDATA 5/02	Annuity
RVALDATA 6/02	Annuity
ANNQUALTR 6/02	Annuity
FGPACH2DGF3/03	Annuity
FGPACHDATAAN 5/02	Annuity

Company Response: A. 40 P.S. § 477b

The Examiners have alleged "16 Violations" of 40 P.S. § 477b, asserting that the referenced forms "were not filed for approval". In the original Initial Summary, the Examiners referred to the documents at issue as "application forms" and asserted that "individual applications for Individual Life Insurance Policies must be filed for approval".

1. GLTC-EC-1/99

GLTC-EC-1/99 is an enrollment card for guaranteed issue for group long-term care. Since it is used for guaranteed issue, it is considered an administrative form and not an application.

2. 1911 Ed 11-75

3. 5719G Ed 9/75

4. 19-2, 13105 GAC Ed 12-78

Each of the above-referenced forms were identified by the Examiners with the "Descriptive Name" of "Group Certificate/Additional Purchase." These forms are not "applications, riders, or endorsement" forms as referenced in 40 P.S. § 477b. Rather, they are administrative forms used by the plan to notify John Hancock of a pending retirement and to provide the necessary personal information to set-up the plan participant's annuity payments in John Hancock's payment systems. John Hancock does not enroll participants in employer sponsored retirement plans. The eligible participants are already enrolled in the plan by the plan sponsor at the time the group annuity contract is issued. John Hancock need not be aware of who the plan members are, which is reflected in the fact that most of the contracts that the Company issues are "unallocated". Eligibility is determined by the plan sponsor.

5. FGPCHDGF 11/02

6. GPACHDATA 5/01

7. RVALDATA 11/02

8. FGPACHDATAAN 10/01

9. RVALDATA 5/03

10. SSA DATA 10/02

11. RVALDATA 5/02

12. RVALDATA 6/02

13. FGPACH2DGF 3/03

14. FGPACHDATAAN 5/02

Preliminarily, the Examiners listed FGPCHDGF 11/02 twice. The above-referenced annuity forms are administrative forms which are referred to at John Hancock as "data gathering forms". These administrative forms collect information to initiate the annuity contract. The data gathering forms are not attached to nor part of the annuity contracts. These forms, which are used for John Hancock's fixed and variable annuity contracts, as follows:

Data gathering forms used with fixed annuities	Data gathering forms used with variable annuities
FGPCHDGF 11/02	RVALDATA 5/02
GPACHDATA 5/01	RVALDATA 6/02
FGPACHDATA 10/01	RVALDATA 11/02
FGPACHDATAAN 5/02	RVALDATA 5/03
FGPACH2DGF 3/03	
SSA DATA 10/02	

In correspondence sent to the Department, John Hancock disclosed that a formal application would not be used, and that these data gathering forms would instead be utilized. In Peter Scavongelli's January 10, 2003 letter to Sally Engle, the Director of the Bureau of Life at the Department, he wrote, "Applicable contractholder data will be collected through an administrative means, such as electronic feeds, administrative data gathering forms, etc. rather than through use of an application form ...". A copy of this letter is attached as "Exhibit A".

Initially, the Department raised an objection to and suggested that the data gathering forms were required to be filed as applications. However, I am advised that Peter Scavongelli spoke on several occasions to Policy Examiner Supervisor Paul Makurath at the Department and it was the Company's understanding that Mr. Makurath reviewed this issue with the Department's legal department. Ultimately, the Department acknowledged and accepted the Company's position on the data gathering forms, and did not require them to be filed. In this regard, in a letter dated June 24, 2003, Policy Examiner Timothy Wolfe wrote, "The Department accepts the Company's explanation regarding the form". A copy of Mr. Wolfe's letter is attached as "Exhibit B".

Respectfully, the Company and the Department had previously agreed that data gathering forms are administrative forms, they are not applications and they are not subject to filing and approval under 40 P. S. §477b. As such, it would be inequitable and inappropriate for the Department to take a different position now. Consequently, these alleged violations should be withdrawn.

16. ANNQUALTR 6/02

Form ANNQUALTR 6/02 is entitled "Direct Transfer/Direct Rollover Request Form". It is neither a data gathering form nor an application form. This is an administrative form which is a request from used for qualified plans to transfer or rollover existing qualified retirement plan assets. This form is not subject to be filed and approved pursuant to 40 P.S. § 477b a violation of 40 P. S. §477b.

Department Response: The Department regards the above 'data gathering forms' as applications. At the time that the enrollee fills out the above mentioned forms, they did so with the intent of acquiring an annuity/policy/contract that was subsequently issued.

These forms were used as an instrument to gather data so that the company could issue the annuity/policy/contract. The exhibit provided by the Company with reference to Timothy Wolfe, Policy Examiner, shows that Mr. Wolfe clearly states, on page two, that, "The Department understands that the Company is not using a "traditional", labeled as such application to collect the usual data per the last sentence on page one of the cover letter. However, "administrative data gathering forms" will be used instead. ***Those forms are applications and must be submitted***" with the required Section 85.32 of Title 31, Pennsylvania Code statement. Therefore, the Department considers these forms to be applications. We will remove one of the "FGPCHDGF" forms, because it was listed two times. 15 violations remain.

16 Violations – Title 18 PA. C.S., Section 4117(k)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice:

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

The following applications for insurance did not contain or have attached the required fraud statement.

Form Number	Descriptive Name
156-SS-99	Application for Single Premium Immediate Annuity
GLTC	LTC Group Policy Application for the Hay Group
1911 Ed 11-75	Group Certificate/ Additional Purchase
5719G Ed 9/75	Group Certificate/ Additional Purchase
19-2, 13105 GAC Ed 12-78	Group Certificate/ Additional Purchase
FGPCHDGF 11/02	Annuity
GPACHDATA 5/01	Annuity
RVALDATA 11/02	Annuity
FGPACHDATAAN 10/01	Annuity
RVALDATA 5/03	Annuity
SSA DATA 10/02	Annuity
RVALDATA 5/02	Annuity
RVALDATA 6/02	Annuity
ANNQUALTR 6/02	Annuity
FGPACH2DGF3/03	Annuity
FGPACHDATAAN 5/02	Annuity

Company Response:

B. Title 18 P.A. C.S., Section 4117(k)

The Examiners have alleged 17 Violations of Title 18 PA. C.S., Section 4117(k) because the referenced forms did not contain a "fraud statement". Here again, the Examiners cited form FGPCHDGF 11/02 twice.

1. GLTC

The form listed as "GLTC" is referred to by the Examiners as "LTC Group Policy Application for the Hay Group". John Hancock believes this form to be LTC-ABC-PA 11/97, which is entitled, "Application for Insurance Under the ABC Company Long-Term Care Insurance Plan". I am advised that this is the only application for the plan. A copy of the form approved by the Department is attached as "Exhibit C". It is my understanding that 156-SS-99 was also approved by the Department. Since these forms were reviewed and approved by the Department, the Company believed them to be in compliance. The Fraud notice statute come into effect in 1995.

2. FGPCHDGF 11/02
3. GPACHDATA 5/01
4. RVALDATA 11/02
5. FGPACHDATAAN 10/01
6. RVALDATA 5/03
7. SSA DATA 10/02
8. RVALDATA 5/02
9. RVALDATA 6/02
10. FGPACH2DGF 3/03
11. FGPACHDATAAN 5/02

As to the balance of the alleged violations, as previously stated, Title 18 PA. C.S. Section 4117(k) states that the fraud statement is required on all "applications for insurance" and all "claim forms." As previously detailed in this letter, the forms at issue are not applications or claim forms.

Department Response: § 89b.3. Form filings.

(a) *Submission of forms.* Policies, contracts, certificates, endorsements, riders, applications and related forms for life insurance and annuities, accident and health insurance, and property and casualty insurance, intended to be issued in this Commonwealth, shall be submitted to the Department in accordance with the following:

(1) Forms for life insurance and annuities issued by insurance companies shall be submitted for prior approval in accordance with section 354 of The Insurance Company Law of 1921 (40 P. S. § 477b), unless specifically excepted under section 354 of The Insurance Company Law of 1921. Forms for life insurance and annuities issued by fraternal benefit societies shall be submitted for prior approval in accordance with section 404(f) of the Fraternal Benefit Societies Code (40 P. S. § 1142-404(f)), unless specifically excepted under section 354 of The Insurance Company Law of 1921. We will remove one of the "FGPCHDGF" forms, because it was listed two times. The Company has indicated that "Applicable contract holder data will be collected through administrative means, such as electronic feeds, administrative data gathering forms, etc., rather than through use of an application form, and will be used to populate the specifications pages as appropriate for the selected product design." At the time that the enrollee fills out the above mentioned forms, they did so with the intent of acquiring the annuities that were subsequently issued. These forms were used as an instrument to

gather data so that the company could issue the annuity. Therefore, the Department considers these forms to be applications and must contain the required fraud statement on the form or in the materials provided to the applicant at time of application. 16 violations remain.

John Hancock Life Insurance Company

Forms Section 15

Final Exit Summary Revised June 15, 2005

The Company was requested to provide a list and copies of all policy forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period. The forms provided and forms reviewed in various underwriting sections of the exam were reviewed to ensure compliance with Insurance Company Law, Section 354 and Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), Fraud notice. For initial exam purposes, forms violations found in the other sections of the examination will be addressed in their respective initial summaries.

The following violations were noted:

5 Violations - Insurance Company Law, Section 354 (40 P.S. §477b)

It shall be unlawful for any insurance company, doing business in Commonwealth of Pennsylvania, to issue, sell, or dispose of any policy, contract, or certificate, covering life insurance, or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to, and formally approved by, the Insurance Commissioner. The following forms were not filed and approved. The application form number, description and frequency of use are listed in the table below.

Form Number	Description	Frequency of Use
GLTC-EC-1/99	Group Long Term Care Application	2
RVALDATA 11/02	Variable Annuity Application	8
RVALDATA 5/03	Variable Annuity Application	5
RVALDATA 5/02	Variable Annuity Application	1
RVALDATA 6/02	Variable Annuity Application	1

Company Response: A. 40 P.S. § 477b

The Examiners have alleged "16 Violations" of 40 P.S. § 477b, asserting that the referenced forms "were not filed for approval". In the original Initial Summary, the Examiners referred to the documents at issue as "application forms" and asserted that "individual applications for Individual Life Insurance Policies must be filed for approval".

1. GLTC-EC-1/99

GLTC-EC-1/99 is an enrollment card for guaranteed issue for group long-term care. Since it is used for guaranteed issue, it is considered an administrative form and not an application.

2. 1911 Ed 11-75

3. 5719G Ed 9/75

4. 19-2, 13105 GAC Ed 12-78

Each of the above-referenced forms were identified by the Examiners with the "Descriptive Name" of "Group Certificate/Additional Purchase." These forms are not "applications, riders, or endorsement" forms as referenced in 40 P.S. § 477b. Rather, they are administrative forms used by the plan to notify John Hancock of a pending retirement and to provide the necessary personal information to set-up the plan participant's annuity payments in John Hancock's payment systems. John Hancock does not enroll participants in employer sponsored retirement plans. The eligible participants are already enrolled in the plan by the plan sponsor at the time the group annuity contract is issued. John Hancock need not be aware of who the plan members are, which is reflected in the fact that most of the contracts that the Company issues are "unallocated". Eligibility is determined by the plan sponsor.

5. FGPCHDGF 11/02
6. GPACHDATA 5/01
7. RVALDATA 11/02
8. FGPACHDATAAN 10/01
9. RVALDATA 5/03
10. SSA DATA 10/02
11. RVALDATA 5/02
12. RVALDATA 6/02
13. FGPACH2DGF 3/03
14. FGPACHDATAAN 5/02

Preliminarily, the Examiners listed FGPCHDGF 11/02 twice. The above-referenced annuity forms are administrative forms which are referred to at John Hancock as "data gathering forms". These administrative forms collect information to initiate the annuity contract. The data gathering forms are not attached to nor part of the annuity contracts. These forms, which are used for John Hancock's fixed and variable annuity contracts, as follows:

Data gathering forms used with fixed annuities	Data gathering forms used with variable annuities
FGPCHDGF 11/02	RVALDATA 5/02
GPACHDATA 5/01	RVALDATA 6/02
FGPACHDATA 10/01	RVALDATA 11/02
FGPACHDATAAN 5/02	RVALDATA 5/03
FGPACH2DGF 3/03	
SSA DATA 10/02	

In correspondence sent to the Department, John Hancock disclosed that a formal application would not be used, and that these data gathering forms would instead be utilized. In Peter Scavongelli's January 10, 2003 letter to Sally Engle, the Director of the Bureau of Life at the Department, he wrote, "Applicable contractholder data will be collected through an administrative means, such as electronic feeds, administrative data gathering forms, etc. rather than through use of an application form ...". A copy of this letter is attached as "Exhibit A".

Initially, the Department raised an objection to and suggested that the data gathering forms were required to be filed as applications. However, I am advised that Peter Scavongelli spoke on several occasions to Policy Examiner Supervisor Paul Makurath at the Department and it was the Company's understanding that Mr. Makurath reviewed this issue with the Department's legal department. NO WRITTEN RECORD FOUND
Ultimately, the Department acknowledged and accepted the Company's position on the data gathering forms, and did not require them to be filed. In this regard, in a letter dated June 24, 2003, Policy Examiner Timothy Wolfe wrote, "The Department accepts the Company's explanation regarding the form". A copy of Mr. Wolfe's letter is attached as "Exhibit B". TIM ALSO STATED AT THE BEGINNING OF THE LETTER THAT "The submission remains disapproved pursuant to the actuary's letter of May 22, 2003."

Respectfully, the Company and the Department had previously agreed that data gathering forms are administrative forms, they are not applications and they are not subject to filing and approval under 40 P. S. §477b. As such, it would be inequitable and inappropriate for the Department to take a different position now. Consequently, these alleged violations should be withdrawn.

16. ANNQUALTR 6/02

Form ANNQUALTR 6/02 is entitled "Direct Transfer/Direct Rollover Request Form". It is neither a data gathering form nor an application form. This is an administrative form which is a request from used for qualified plans to transfer or rollover existing qualified retirement plan assets. This form is not subject to be filed and approved pursuant to 40 P.S. § 477b a violation of 40 P. S. §477b.

Department Response: The Department regards the above 'data gathering forms' as applications. At the time that the enrollee fills out the above mentioned forms, they did so with the intent of acquiring an annuity/policy/contract that was subsequently issued. These forms were used as an instrument to gather data so that the Company could issue the annuity/policy/contract. The exhibit provided by the Company with reference to Timothy Wolfe, Policy Examiner, shows that Mr. Wolfe clearly states, on page two, that, "The Department understands that the Company is not using a "traditional", labeled as such application to collect the usual data per the last sentence on page one of the cover letter. However, "administrative data gathering forms" will be used instead. *"Those forms are applications and must be submitted"* with the required Section 85.32 of Title 31, Pennsylvania Code statement. Therefore, the Department considers these forms to be applications. We will remove one of the "FGPCHDGF" forms, because it was listed two times. 15 violations remain.

|14 Violations – Title 18 PA. C.S., Section 4117(k) |

All applications for insurance and all claim forms shall contain or have attached thereto the following notice:

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any

fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

The following applications for insurance did not contain or have attached the required fraud statement.

Form Number	Descriptive Name
156-SS-99	Application for Single Premium Immediate Annuity
GLTC-EC-11/99	LTC Group Policy Application for the Hay Group
GLTC-ABC-PA 11/97	LTC Group Policy Application
1911 ed 11-75	
5719G ed 9/75	
19-2, 13105 GAC ed 12-78	
FGPCHDGF 11/02	Annuity
GPACHDATA 5/01	Annuity
RVALDATA 11/02	Annuity
FGPACHDATAAN 10/01	Annuity
RVALDATA 5/03	Annuity
SSA DATA 10/02	Annuity
RVALDATA 5/02	Annuity
RVALDATA 6/02	Annuity
ANNQUALTR 6/02	Annuity
FGPACH2DGF3/03	Annuity
FGPACHDATAAN 5/02	Annuity

Company Response:

B. Title 18 P.A. C.S., Section 4117(k)

The Examiners have alleged 17 Violations of Title 18 PA. C.S., Section 4117(k) because the referenced forms did not contain a "fraud statement". Here again, the Examiners cited form FGPCHDGF 11/02 twice.

1. GLTC

The form listed as "GLTC" is referred to by the Examiners as "LTC Group Policy Application for the Hay Group". John Hancock believes this form to be LTC-ABC-PA 11/97, which is entitled, "Application for Insurance Under the ABC Company Long-Term Care Insurance Plan". I am advised that this is the only application for the plan. A copy of the form approved by the Department is attached as "Exhibit C". It is my understanding that 156-SS-99 was also approved by the Department. Since these forms were reviewed and approved by the Department, the Company believed them to be in compliance. The Fraud notice statute come into effect in 1995.

2. FGPCHDGF 11/02
3. GPACHDATA 5/01
4. RVALDATA 11/02
5. FGPACHDATAAN 10/01
6. RVALDATA 5/03

7. SSA DATA 10/02
8. RVALDATA 5/02
9. RVALDATA 6/02
10. FGPACH2DGF 3/03
11. FGPACHDATAAN 5/02

As to the balance of the alleged violations, as previously stated, Title 18 PA. C.S. Section 4117(k) states that the fraud statement is required on all "applications for insurance" and all "claim forms." As previously detailed in this letter, the forms at issue are not applications or claim forms.

Department Response: § 89b.3. Form filings.

(a) *Submission of forms.* Policies, contracts, certificates, endorsements, riders, applications and related forms for life insurance and annuities, accident and health insurance, and property and casualty insurance, intended to be issued in this Commonwealth, shall be submitted to the Department in accordance with the following:

(1) Forms for life insurance and annuities issued by insurance companies shall be submitted for prior approval in accordance with section 354 of The Insurance Company Law of 1921 (40 P. S. § 477b), unless specifically excepted under section 354 of The Insurance Company Law of 1921. Forms for life insurance and annuities issued by fraternal benefit societies shall be submitted for prior approval in accordance with section 404(f) of the Fraternal Benefit Societies Code (40 P. S. § 1142-404(f)), unless specifically excepted under section 354 of The Insurance Company Law of 1921. We will remove one of the "FGPCHDGF" forms, because it was listed two times. The Company has indicated that "Applicable contract holder data will be collected through administrative means, such as electronic feeds, administrative data gathering forms, etc., rather than through use of an application form, and will be used to populate the specifications pages as appropriate for the selected product design." At the time that the enrollee fills out the above mentioned forms, they did so with the intent of acquiring the annuities that were subsequently issued. These forms were used as an instrument to gather data so that the company could issue the annuity. Therefore, the Department considers these forms to be applications and must contain the required fraud statement on the form or in the materials provided to the applicant at time of application. 16 violations remain.

John Hancock Life Insurance Company

State Compliance Office C-6

John Hancock Place
Post Office Box 111
Boston, Massachusetts 02117
(517) 572-5870
(800) 370-1355 ext. 6
Fax (617) 572-0808
Email: pscevongelli@hancock.com



Peter Scavongelli, esq.
State Compliance Officer
State Compliance Office

January 10, 2003

Ms. Sally Engle
Director, Bureau of Life
Pennsylvania Dept of Insurance
1326 Strawberry Square, 13th Flr.
Harrisburg, Pennsylvania 17120

Re: John Hancock Life Insurance Company
NAIC #356-65099, FEIN #04-1414860
Individual Deferred Variable Annuity Contract, form 02REV
Specifications Pages, form 02REVSPECA
Specifications Pages, form 02REVSPECE
Specifications Pages, form 02REVSPECL
Specifications Pages, form 02REVSPECV
Enhanced Death Benefit Rider, form 02EDBR
Highest Anniversary Death Benefit Rider, form 02HADBR
Guaranteed Retirement Income Benefit Rider 02GRIB

Dear Ms. Engle:

We are filing the above-referenced forms for approval in your jurisdiction. The forms are filed in accordance with the applicable statutes and regulations of your jurisdiction and are subject only to minor variations in paper stock, color, fonts, duplexing, and positioning. These forms are new and are not intended to replace existing forms. The forms will be effective on the date of approval.

The Forms

Form 02REV is an individual flexible premium deferred variable annuity contract. The contract contains provisions for a fixed account as well, but the contract is clear that, prior to issuing a new contract, it may be discontinued.

Form 02REV serves as a base contract. One of the above-referenced sets of specifications pages, forms 02REVSPECA, 02REVSPECE, 02REVSPECL, or 02REVSPECV, will be issued with the base contract, depending on the design requested by the applicant. Each of the sets of specifications pages reflect different product designs, in accordance with the table below.

	Maximum Mortality & Expense ("M&E") Charge	Withdrawal Charge Scale	Extra Credit (Bonus)	Dollar Cost Averaging ("DCA") Value Account
02REVSPECA	[.00005890]	None	No	No
02REVSPECE	[.00005205]	8,8,8,7,6,5,4,2,0	Yes	No
02REVSPECL	[.00005479]	9,8,7,0	No	Yes
02REVSPECV	[.00004795]	9,8,7,6,5,4,3,0	No	Yes

Thus, 02REVSPECA would be selected when no withdrawal charge scale is desired, 02REVSPECE would be selected when an extra credit feature is desired, and either 02REVSPECL or 02REVSPECV would be selected when the DCA Value Account is desired. In selecting between 02REVSPECL and 02REVSPECV, the choice depends on preference for the M&E charge versus the withdrawal charge scale.

Applicable contractholder data will be collected through administrative means, such as electronic feeds, administrative data gathering forms, etc., rather than through use of an application form, and will be used to populate the specifications pages as appropriate for the selected product design.

Forms 02EDBR and 02HADBR are riders that provide for an enhancement to the death benefit. The enhancement terms are specified in the rider forms. Any charge for the rider is identified in the specifications pages. The riders are mutually exclusive, such that the consumer can elect one or the other, not both. Form 02GRIS provides for a guaranteed interest rate credit and a guaranteed minimum annuity payout. Previously approved endorsement form 00NHCI, approved in your jurisdiction on 9/19/00, will automatically be issued with this contract. Other previously approved endorsements and riders may be made available with this contract as well.

Variable Data

The contact information of the servicing office on the cover page of form 02REV has been bracketed as variable data in order to accommodate any future changes in servicing office address and telephone number. The number of post-annulization investment choices appearing at the end of Section 6 has also been bracketed. The Company is working on systems technology to expand the number of post-annulization investment choices beyond four. As a result, the number "four" is bracketed as variable data, and will increase based on new technology. The guaranteed minimum interest rate appearing in the last paragraph of Section 7 has been bracketed. The Company's present intent is to provide the minimum credited rate shown in the brackets. The contract has been drafted to comply with the Standard Nonforfeiture Law as it is now written in the majority of jurisdictions, including yours. The purpose of bracketing the minimum guaranteed interest rate is to indicate that it may be reduced in the event that the statutory minimums are reduced in your state and the prevailing interest rate environment makes it necessary for the company to reduce our minimum guarantees.

There are also variable fields in each set of specifications pages. In addition to the text ordinarily bracketed in order to record information specific to each contractholder, we have bracketed the following information.

- **Mortality & Expense Charge:** The mortality & expense charge, which is used in calculating the net investment factor (Section 8), is bracketed. The maximum factor the Company will use is the number shown in the brackets. The Company wants to retain the ability to lower this factor if experience warrants, thereby passing on the favorable experience to the contractholder.
- **Separate Account:** The Separate Account is identified in brackets in order to accommodate future changes to the name of the account.
- **Withdrawal Charge Percentages:** The maximum withdrawal charge percentages are shown in brackets in the event the Company wants to lower the percentages.
- **Riders Section:** The Riders section is bracketed in its entirety, in the event that no riders are elected. Other than the riders included in this submission, each of the riders shown has been previously approved in your jurisdiction. The annual rider charge for each corresponding rider is bracketed as a maximum rate. Again, the Company wants to retain the ability to lower these charges if experience warrants, thereby passing on the favorable experience to the contractholder.
- **02REVSPECE:** In addition to the variable text identified above, 02REVSPECE contains brackets around the percentages corresponding to "Extra Credit" and "Extra Credit Percentage." The purpose is to allow adjustments to the percentage amount on a prospective basis. Currently, the extra credit percentage is 3½% for deposits greater than or equal to \$10,000 and less than \$2,500,000. For deposits that are greater than or equal to \$2,500,000, or bring the total of all deposits to \$2,500,000 or greater, the credit is 5%.

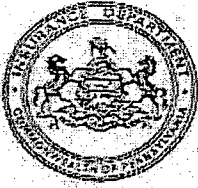
Actuarial information for each product design is enclosed for your reference.

All requisite fees and filing documents are enclosed. The Company's domiciliary state of Massachusetts charges \$75.00 for this filing. Your attention to this submission is appreciated. A postage-paid, return envelope is enclosed for your convenience. If you have any concerns regarding any of the enclosed materials, please do not hesitate to contact me.

Sincerely,



Peter Scavongalli



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
Insurance Product Regulation and Market Enforcement
1311 Strawberry Square
Harrisburg, PA 17120
Fax (717) 787-8555 Telephone (717) 783-4250

June 24, 2003

RECEIVED
State Compliance Office

Michelle Fluet
Compliance Analyst
John Hancock Life Insurance Company
P.O. Box 111
Boston, MA 02117

JUN 25 2003

Referred To F Log TB
Communicated 3

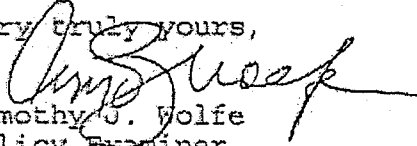
RE: Form 02REV, et al
Your Letter of May 12, 2003
Received May 14, 2003
Department File No: A66606001-4
Please Refer To This Number In All Correspondence

Dear Ms. Fluet:

The submission remains disapproved pursuant to the actuary's letter of May 22, 2003.

The Department accepts the company's explanation regarding the form. For the record, the Department did not receive a copy of it; please furnish such. The company may fax or e-mail at its convenience.

Very truly yours,


Timothy J. Wolfe
Policy Examiner
Bureau of Life Insurance
Office of Rate and Policy Regulation
E-Mail: tiwolfe@state.pa.us

TJW:tjw



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
Insurance Product Regulation and Market Enforcement
1311 Strawberry Square
Harrisburg, PA 17120
Fax (717) 787-8555 Telephone (717) 783-4250

February 21, 2003

Peter Scavongelli, Esq.
State Compliance Officer
John Hancock Life Insurance Company
P.O. Box 111
Boston, MA 02117

RECEIVED
State Compliance Office
FEB 23 2003
Referred To WF
Communicated Log WJ

RE: Form 02REV, et al
Your Letter of January 10, 2003
Received January 15, 2003
Department File No: A66506001-4
Please Refer To This Number In All Correspondence

Dear Mr. Scavongelli:

The captioned filing has been reviewed and it has been found that it fails to meet the requirements of our Insurance Company Laws in the following respects and is therefore disapproved pursuant to the authority granted under Section 354 (40 P.S. § 477b) as last amended by the Act of August 23, 1961, P.L. 1079 of the Insurance Company Law. After you review the letter and if you do not understand the content of it or the disapproval reasons, contact the Department for further clarification.

If the Department does not hear from you within 180 days, the Department will close its files on this submission. After 180 days, the Department will reopen its files and continue its review of the submission if you respond within one year and furnish duplicate copies of the original submission and all correspondence from the Department and yourself.

The Department does not understand cover letter paragraph 2, sentence 2. The Department may have more based questions depending on the company's resubmission.

The Departments understands that the company is not using a "traditional", labeled as such application to collect the usual data per the last sentence on page one of the cover letter.

Page 2
02/21/03
A66606001-4

However, "administrative data gathering forms" will be used instead. Those forms are applications and must be submitted with the required Section 85.32 of Title 31, Pennsylvania Code statement.

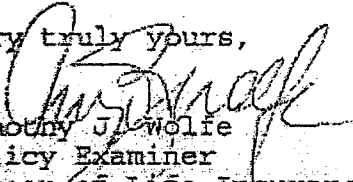
Confirm for the Department that the cover letter reference to changing the guaranteed minimum interest rate in the Variable Data area will be for new insureds, not existing ones. See also the final paragraph of Section 7. Once issued to a particular insured, the rates may not vary.

Regarding Section 4, The Contract, what are "attachments" to the policy?

Please explain usage of the term "unmodified" as used in the definition of Account on page 5 and Variable Account on page 6.

The Misstatement provision must be revised to disclose and actual rate, not a rate exceeding disclosure as 40 P.S. § 510a(d) requires a specified rate.

Very truly yours,


Timothy J. Wolfe
Policy Examiner
Bureau of Life Insurance
Office of Rate and Policy Regulation

TJW:tjw

John Hancock Life Insurance Company

State Compliance Office C-5

John Hancock Place
Post Office Box 111
Boston, Massachusetts 02117
(617) 572-9011
(800) 370-1355 ext. 1
Fax: (617) 572-0808
Email: mfluett@hancock.com



Michelle Fluett
Compliance Analyst

May 12, 2003

Mr. Timothy J. Wolfe
Bureau of Life Insurance
Office of Rate and Policy Regulation
Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: John Hancock Life Insurance Company
NAIC #356-65099, FEIN #04-1414660
Individual Deferred Variable Annuity Contract, form 02REV
Specifications Pages, form REVSPECA
Specifications Pages, form REVSPECE
Specifications Pages, form REVSPECL
Specifications Pages, form REVSPECV
Enhanced Death Benefit Rider, form 02EDBR
Highest Anniversary Death Benefit Rider, form 02HADBR
Guaranteed Retirement Income Benefit Rider 02GRIB
Your letter dated April 14, 2003
Department File No: A66606001-4

Dear Mr. Wolfe:

Thank you for your letter referenced above. The Company responds as follows:

- Based upon discussions with Mr. Paul Makurath of your Department, our understanding is that these inquiries are focused on determining whether our data gathering form, which we also refer to as a "snap-app" or "snap-ticket" is an application that requires submission and prior approval prior to use. We hope you will agree that our form is not an application so that we can align it with our administrative forms and processes. It is enclosed for your reference.

Electronic/Administrative Processing

In order to remain competitive, John Hancock has partnered with a number of distribution channels for our annuity product line, including bank, broker/dealer, agency, and direct. Because we are a service-driven company, we need to tailor our administrative processes to the needs of each channel. Industry wide, processing annuity business is moving in the direction of an electronic environment. Broker/dealers, for example, will transmit data electronically to us that is necessary to issue an annuity contract. Specifications pages and the data gathering form are populated on an automated basis with the transmitted data. The home office then prints and issues the contract (which, as you know, does not include the snap-ticket). Similarly, business generated over the internet involves populating fields on-screen which, when complete, results in a fully populated data gathering form. Even our traditional agency distribution channel has the means of electronically populating the data gathering form. Most channels also have the means of completing the form manually, which primarily is where the term "snap-ticket" is used. Either way, it's an administrative process that's used only to reflect the correct data in the contract.

Non-Binding

As mentioned in prior correspondence, there is no signature line on the form attesting to the accuracy of the information, but rather only to the receipt of a prospectus and an IRS certification of

the taxpayer identification number. The form will not attach to the contract and as such is not included in the definition of entire contract. This information will not be contestable. Thus, this form is non-binding, in that it only collects data in order to issue the contract. Further, the form is not used as a means of rejecting business. As long as we have the minimum information necessary, we will issue the contract.

Loss of Revenue

If our form was considered an application, the results could be devastating to us. Anytime we bring on a new partner that may require adjustments to the data gathering form to suit their electronic feeds, or anytime we need to make changes with an existing partner, we would need to re-file the form. As you know, speed-to-market is at the forefront of the insurance industry, and if we cannot respond to the needs of our partners on a timely basis, then we will either lose revenue as we're waiting for approval, or we'll lose the account altogether, which would seem inappropriate, given that we're talking simply about an administrative means of gathering information necessary to issue a contract.

Summary

Given our electronic processes, the fact that there is no signature on the form, that the form does not attach to the contract, and the fact that we will not use the form to contest a claim, we have difficulty seeing how this form is any different than a change of beneficiary form, or any other administrative form. It's not used to apply for the annuity, but rather it's used as a means of supplying us with data necessary to issue a contract. Mr. Makurath indicated that the Department has agreed with other carriers that their forms did not rise to the level of an application form. Again, we're hopeful that you will take the same position with John Hancock's "snap-ticket."

- Enclosed, please find the bonus certification required by the Individual Deferred Variable Annuities checklist (c).

We recently discovered a typographical error in two places in the contract by referring to "Contract Years," when it should indicate just "years." First, under Section 2, Definitions, in the definition of "Guaranteed Interest Account," we changed "Contract Years" to "years." Second, in Section 7, Accumulations, we changed "Contract Years" to "years." Due to these typographical errors, we noted an inconsistency in the language between these two sections. For consistency purposes, we made minor modifications in the last paragraph of Section 7 to make it clear that the guaranteed minimum interest rate applies to each premium payment. We have enclosed copies of the corrected contract. Betty McLaughlin's letter of April 8, 2003 was responded to on April 23, 2003. As she has not been informed of the typographical errors and changes, we expect that Betty will be informed of these changes via this letter.

If anything further is required, please do not hesitate to contact me. A postage paid return envelope has been enclosed for your convenience.

Sincerely,

Michelle Fluet

Michelle Fluet

11-5-97

APPLICATION FOR INSURANCE UNDER THE ABC COMPANY LONG-TERM CARE INSURANCE PLAN

Underwritten by John Hancock Mutual Life Insurance Company
(John Hancock), Boston, MA 02117

Group Number: XXX

If you are an eligible actively-at-work employee applying during the initial enrollment period or a newly eligible, actively-at-work employee applying within 31 days of becoming eligible, you do NOT need to answer the medical questions below. (skip to Page 2) All other applicants please answer the following questions:

1. Do you currently, and on an ongoing basis, need or use assistance or supervision of another person or need mechanical aids such as a cane, crutches, wheelchair, or walker in performing any of the following activities?

- Bathing
- Eating
- Toileting
- Controlling Bowel or bladder
- Dressing
- Walking
- Taking your medication
- Transferring from bed to chair

Yes No

2. Are you currently confined to a hospital or nursing home, or are you receiving adult day care services, paid or unpaid home health care services, or at-home physical, occupational, speech, or respiratory therapy?

Yes No

3a. Within the past 12 months have you been diagnosed with, received medical advice or treatment from a physician or health care professional for any of the following?

- Arthritis treated with Gold or Methotrexate
- Heart attack
- Schizophrenia
- Cancer (not local skin cancer)
- Organ or bone marrow transplant
- Stroke (CVA) / transient ischemic attack (TIA)
- Chronic lung disease (e.g., emphysema) requiring oxygen

Yes No

3b. Within the past 5 years have you been diagnosed with, received medical advice or treatment from a physician or health care professional for any of the following?

- Alzheimer's disease/dementia/ memory loss
- Lou Gehrig's disease (ALS)
- Pancreatitis (chronic)
- Cardiomyopathy
- Leukemia (chronic lymphocytic)
- Parkinson's disease
- Chronic kidney disease requiring dialysis/renal failure
- Multiple sclerosis
- Polycystic kidney disease
- Chronic liver disease/cirrhosis
- Muscular dystrophy
- Pulmonary fibrosis
- Myasthenia gravis
- Spinal cord injury/paraplegia/ quadriplegia

Yes No

If you answered YES to any of the above questions, additional medical information may be required to determine your eligibility for this coverage. Please continue to complete this application including Section 3, Statement of Health. Approved, Effective March 24, 1998

PID # A11301001
Pennsylvania Insurance Department



11-5-97

How to Complete this Application

1. If you are an eligible actively-at-work employee applying during the initial enrollment period or newly eligible actively-at-work employee applying within 31 days of becoming eligible, do not complete Section 3: Statement of Health. However, please complete all other sections.
2. All others applying for coverage must fill out their own application and complete all sections. An application that is not completed properly will cause a delay in processing by John Hancock.
3. Please sign and date the application where indicated. Return in the enclosed postage-paid envelope to:

**John Hancock Mutual Life Insurance Company, Group Long-Term Care Division, B-10,
John Hancock Place, P.O. Box 111, Boston, Massachusetts 02117-9939**

If you have any questions or would like additional applications, please call the John Hancock Long-Term Care Customer Service Center toll-free at: 1-800-XXX-XXXX. Outside the United States, the number is (617) 572-XXXX. The TTY number for the hearing impaired is 1-800-255-1808.

Please refer to your Long-Term Care Insurance Plan enrollment material for information about eligibility and the enrollment period.

SECTION 1: APPLICANT INFORMATION

<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Mrs.		<input type="checkbox"/> Male <input type="checkbox"/> Female	
1. Last Name	First Name	M.I.	2. Gender
3. Street Address	City/Town	State	Zip Code
4. Social Security Number	5. Home Phone	6. Work Phone	7. Date of Birth Month Day Year

SECTION 2: GENERAL INFORMATION

1. Which term applies to you? (Please check one)

<input type="checkbox"/> Active Employee*	<input type="checkbox"/> Parent of Active Employee*	<input type="checkbox"/> Retiree
<input type="checkbox"/> Spouse of Active Employee*	<input type="checkbox"/> Parent-in-Law of Active Employee*	<input type="checkbox"/> Spouse of Retiree

*Active Employee means an employee who is actively-at-work on a full-time basis. An employee on a leave of absence or disability is not considered an active employee for purposes of this enrollment.

Note: If you checked Active Employee, please skip to question 4. If you checked Retiree, please skip to question 6.

2. Name of Active Employee or Retiree through whom you are applying for coverage:

Last Name	First Name	M.I.
-----------	------------	------

3. Social Security Number of Employee or Retiree:

Note: Spouse of Retiree, please go to question 6.

4. If the employee was on a leave of absence or disability during the initial enrollment period, when did the leave/disability begin and end

Month	Day	Year	Month	Day	Year
-------	-----	------	-------	-----	------

5. Employee's hire date:

Month	Day	Year
-------	-----	------

BENEFIT OPTIONS:

6. Please designate your desired daily maximum benefit:

- Option A: \$100
- Option B: \$150
- Option C: \$200

7. You may choose to elect the Reduced Lifetime Maximum Paid-up Benefit. If you do not wish to elect benefit, please check no.

Do you wish to elect the Reduced Lifetime Maximum Paid-up Benefit? Yes No

BILLING OPTIONS:

8. Employees' and their Spouses' premiums will be deducted from the paycheck of the eligible employee actively at work. If you are a Retiree, Spouse of a Retiree, or Parent or Parent-in-Law of an Employee, please choose a billing frequency for direct billing (choose one):

- Monthly
- Quarterly
- Semi-annually
- Annually

or

Monthly automatic bank withdrawal (ABW). Please complete the ABW form enclosed in the enrollment brochure.

Note: If you will be direct billed and would like your bill to go to an alternate address, please complete the **Alternate Billing** section on the back page of this application.



If you are an actively-at-work employee as described in item 1 of How to Complete this Application skip to Section 4. All other applicants must complete Sections 3 and 4.

SECTION 3 STATEMENT OF HEALTH

1. What is your height? _____
 What is your weight? _____

Has your weight fluctuated more than 10 pounds in the past twelve months? If yes, provide details:

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

2. Have you smoked cigarettes in the past 12 months?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If yes, state the average number of packs per day: _____
 Number of years smoking: _____

3. Have you ever had an application for life or health insurance declined or postponed, had any policy modified or rated, or had any reinstatement refused?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If yes, provide details: _____

4. What is the name and address of your primary physician?

Name _____
 Address _____
 City _____ State _____ Zip _____
 Telephone (_____) _____

5. Are you currently taking any prescription medication?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If yes, please list name and dosage for each medication: _____

6. Within the past five years, have you received medical advice or treatment from a physician or health care professional for:

- | | Yes | No |
|--|--------------------------|--------------------------|
| a. Emotional, nervous, or mental disorders? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Arthritis, gout, or rheumatism? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Kidney disease, prostate disease, disorder of the urinary tract, or reproductive system? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. High blood pressure, stroke, heart attack, blood disease, or other disorder of the heart or circulatory system? | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Back or spine disorder, paralysis, or disease of the bone, joints or muscles? | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Injuries due to falls or accidents? | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Emphysema, asthma, or shortness of breath? | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Dizziness, fainting, convulsions, or amnesia? | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Colitis, Crohn's disease, ulcer, or other disorder of the gastrointestinal system? | <input type="checkbox"/> | <input type="checkbox"/> |
| j. Alcoholism, drug dependence, or substance abuse? | <input type="checkbox"/> | <input type="checkbox"/> |
| k. Cancer, Hodgkin's disease, leukemia, or other tumor or growth? | <input type="checkbox"/> | <input type="checkbox"/> |
| l. Skin problems or skin breakdown? | <input type="checkbox"/> | <input type="checkbox"/> |
| m. Diabetes, thyroid, pituitary or other endocrine disorder? | <input type="checkbox"/> | <input type="checkbox"/> |
| n. Hepatitis or cirrhosis of the liver? | <input type="checkbox"/> | <input type="checkbox"/> |
| o. Other conditions not listed above? | <input type="checkbox"/> | <input type="checkbox"/> |

7. Within the past five years, have you been treated for or diagnosed as having either Acquired Immune Deficiency Syndrome (AIDS) or AIDS-Related Complex*?

***AIDS-Related Complex (ARC), is condition with signs and symptoms which may include generalized lymphadenopathy (swollen lymph nodes), loss of appetite, weight loss, fever, oral thrush, skin rashes, unexplained infections, dementia, or other psychoneurotic disorders with no known cause?**

Yes No

8. Within the past five years have you:

- a. been hospitalized?
- b. been confined to a nursing home?
- c. received home health care services or adult day care?

Yes No

d. needed the assistance of another person or mechanical aids such as a cane, crutches wheelchair or walker in performing Activities of Daily Living?

(Activities of Daily Living include eating, bathing, walking, dressing, toileting, transferring from bed to chair, and maintaining continence.)

Yes No

e. required the assistance of another person with shopping, transportation, meal preparation, laundry, managing medications, housework, or using the telephone?

Yes No

9. Have you been advised to have surgery, go into a hospital, or go into a nursing home within the next twelve months?

Yes No

If you answer "yes" to any of the above questions 5 through 9, please give details below. If additional space is needed, please attach a separate sheet.

Questions (5, 7, 8, 9)	Nature of Condition	Duration of Condition	Attending Physician's Name and Address	Dates Under Physician's Care

Authorization and Acknowledgement

I hereby authorize any licensed physician, medical practitioner, hospital, clinic, or other medically related facility, investigative reporting agency, or employer that has any records or knowledge regarding the undersigned to give John Hancock, its reinsurer(s), or any agency acting on John Hancock's behalf, any such information, including all information regarding every condition for which I have been under observation or treatment, and all the information relating to the history obtained, physical and laboratory findings, diagnosis, treatment, and prognosis. I agree that the photostat of this authorization is as valid as the original. I understand that this application is subject to approval by John Hancock and shall be deemed declined if not approved by John Hancock within 60 days of receipt. (The automatic declination of application does not apply to residents of New Hampshire or Connecticut.)

Applicant's Signature

Date

SECTION 4: AGREEMENT ALL APPLICANTS MUST SIGN AND DATE APPLICATION BELOW

I hereby apply for the John Hancock Group Long-Term Care Insurance offered through ABC Company, and hereby represent and agree that the foregoing statements, together with any explanations contained in this application, are to the best of my knowledge and belief true and complete; are statements of fact and not opinion; and shall be the basis for issuance of insurance for which I am now applying.

Neither ABC Company nor any agent or representative acting on behalf of John Hancock is authorized to make or discharge contracts, waive, alter, modify, or change any of the conditions or provisions of any application or policy, or to accept risks or pass on insurability.

I know that I may request a photocopy of this completed application.

As used in this Agreement, the term "application" includes Sections 1,2,4, and if required to be completed by the applicant, Section 3.

Caution: If your answers on this application are incorrect or untrue, John Hancock has the right to deny benefits or rescind your coverage.

Applicant's Signature

Date

Notice: You are required to notify John Hancock of any change in your health that occurs while your application is being reviewed.

REQUEST FOR ALTERNATE BILLING ADDRESS

If you will be billed directly and would like your billing statement sent to an address other than your home address, please provide that address below:

Name Care Of

 Address

 City State Zip

PROTECTION AGAINST UNINTENDED LAPSE (Change page)

If you elect to designate another person to receive notice of termination, please complete below.

You may designate at least one person, in addition to yourself, who is to receive notice of termination in the event your insurance is to lapse for nonpayment of premium. Please provide that person's name and address below.

Name

 Address

 City State Zip

If you elect not to designate another person to receive notice of termination, please complete below.

I understand that I have the right to designate at least one person other than myself to receive notice of termination in the event this is to lapse for nonpayment of premium. I understand that notice will not be given until 30 days after a premium is due and unpaid. I elect **not** to designate any person to receive notice.

Signature Date

FOR HOME OFFICE USE

Account 7896 APS Express Special Attention: Underwriter's Initials: _____

33-98

ABC COMPANY

Supplement to Long-Term Care Insurance Application

If the long-term care insurance you are applying for under the Long-Term Care Insurance Plan is meant to replace other long-term care coverage you have, please do the following:

Complete this supplement to your application (below)

and

Forward the completed supplement, along with your long-term care insurance application to:

A. Do you have another long-term care policy or certificate in force (including health care service contract, health maintenance organization contract)?

Yes No

B. Did you have another long-term care insurance policy or certificate in force during the last 12 months?

Yes No

If so, with which company? _____

Address: _____

Phone number: _____

If that policy lapsed, when did it lapse? _____

C. Are you covered by Medicaid? If you are eligible or covered by Medicaid you may not need to purchase this insurance since it may provide duplicate benefits.

Yes No

D. Do you intend to replace any of your medical or health insurance coverage with this certificate?

Yes No

Applicant's Signature, Approved, Effective <u>March 24, 1998</u>	Date: _____
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