



THE STATE OF FLORIDA

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

JOHN HANCOCK LIFE INSURANCE COMPANY(USA)

AS OF

January 26, 2009

NAIC COMPANY CODE: 65838

NAIC GROUP CODE: 0904

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EXECUTIVE SUMMARY

In June 2006, the Florida Legislature enacted the Freedom to Travel Act, which modified Florida's Unfair Trade Practices Act by placing prohibitions on life insurance limitations upon an individual based solely on the individual's past lawful foreign travel or future lawful travel plans.

A target market conduct examination of John Hancock Life Insurance Company(USA) was performed to determine compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 690-125.003, Florida Administrative Code.

No violations were found during this examination.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of John Hancock Life Insurance Company(USA) (Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by INS Regulatory Insurance Services, Inc. The scope period of this examination was July 1, 2006 through June 30, 2008. The onsite examination was conducted August 4, 2008 through August 8, 2008 and January 12, 2009 through January 26, 2009.

The purpose of this examination was to verify compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 690-125.003, Florida Administrative Code, which place prohibitions on life insurance limitations upon an individual based solely on the individual's past lawful foreign travel or future lawful travel plans. The examination included a review the following:

- Company procedures regarding declined, limited, or cancelled policies based on the applicant's or insured's past lawful foreign travel or future lawful travel plans for compliance with Section 626.9541(1)(dd), Florida Statutes.
- All policies that were denied or issued in a manner other than applied for during the scope period were reviewed for compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 690-125.003, Florida Administrative Code.

In reviewing materials for this draft report, the examiners relied upon records provided by the Company. Procedures and conduct of the examination are in accordance with the *Market Regulation Handbook* produced by the National Association of Insurance Commissioners.

COMPANY OPERATIONS

John Hancock Life Insurance Company(USA) is a foreign Life and Health insurer licensed to conduct business in the State of Florida on June 1, 1987. The Company provides Accident and Health, Group Life & Annuities, Life, Variable Annuities and Variable Life coverage in the State of Florida.

Total Direct Premiums Written in Florida for Life Insurance was as follows:

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2007	\$256,794,971
2006	\$240,402,796
2005	\$179,059,724

FILE REVIEW

The examiners reviewed information contained in the Company's Individual Life and Group Life Underwriting files which consisted of the application, field underwriting guidelines, telephone interviews, supplemental applications, underwriting notes, systems' notes, letters sent to consumers and the Company's Agent training materials. The examiners also reviewed the underlying medical records and/or financial information.

The Company received 10,608 applications for life insurance coverage during the scope period. The examiners reviewed 1,758 applications and related policies comprised of Declined, Awaiting Reissue, New Reissue, Postponed, Preferred, Standard, Substandard and Not Taken-Return files. The Company did not use applications that contained travel related questions nor did the Company use questionnaires.

There were no policies cancelled solely due to foreign travel during the scope of the examination.

The Company provided copies of each of the 3 versions of Florida Life Insurance Applications that were in use during the scope of the examination. The examiners observed one of these versions in each the files that were reviewed. The Company's Application for Life Insurance, form NB5000FL (09/2006), was approved on November 17, 2006. The Application for Life Insurance, form NB5000FL (12/2007), was approved on June 20, 2008. The Application for Term Life Insurance, form NB5092FL (04/2007), was approved on June 28, 2007.

EXAMINATION FINAL REPORT SUBMISSION

The Office hereby issued this Final Report based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.