



# Life Insurance: Focus on Quality Providers

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Senior Executive Vice President  
and Chief Financial Officer



# Legal Disclaimer



John Hancock®

## ***Caution Regarding Forward-Looking Statements***

This document contains forward-looking statements within the meaning of the “safe harbour” provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective”, “continue” and “endeavour” (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to performance of equity markets, interest rate fluctuations, currency rates, investment losses and defaults, movements in credit spreads, market liquidity and creditworthiness of guarantors and counterparties); level of competition and consolidation; changes in laws and regulations; Company liquidity, including the availability of financing to satisfy existing financial liabilities on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by the Company; the ability to maintain the Company’s reputation; legal and regulatory proceedings; the ability to adapt products and services to the changing market; the ability to implement effective hedging strategies; the ability to attract and retain key executives; the ability to complete acquisitions including the availability of equity and debt financing for this purpose; the ability to execute strategic plans; the disruption of or changes to key elements of the Company’s or public infrastructure systems; and environmental concerns. Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the body of this document as well as under “Risk Factors” in our most recent Annual Information Form, under “Risk Management” and “Critical Accounting and Actuarial Policies” in the Management’s Discussion and Analysis in our most recent annual and interim reports, in the “Risk Management” note to consolidated financial statements in our most recent annual and interim reports and elsewhere in our filings with Canadian and U.S. securities regulators. We do not undertake to update any forward-looking statements except as required by law.



# Industry Characteristics Core



- U.S. is largest life insurance market in the world
  - Represents 25% of world market
- Stock insurance companies dominant
  - Represent over 75% of the market
- Fragmented market
  - Top 5 make up only 30% of the market
  - Top 10 comprise less than 50% of the market



Source: Axco UK Global Statistics. Based on 2007 data



# Industry Characteristics Current & Future

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- Historically resilient to economic downturns
- Changing landscape
  - Regulation
  - Pricing
  - Consolidation
- Scarce and expensive capital
- Heightened importance of safety to consumers
- Life insurance will play a key role in rebuilding savings
- Tax environment continues to favour our products





# Our Strategy



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- Develop and enhance products
- Establish and expand distribution relationships
- Continue to demonstrate underwriting expertise
- Capitalize on market position and dislocation
- Manage expenses in a prudent manner
- Lever core competencies in new markets

***Service, Service, Service***



# Industry Leading Ratings



| Agency           | Rating   | Outlook                          |
|------------------|--|----------------------------------|
| <b>S&amp;P</b>   | <b>AA+</b><br>2 <sup>nd</sup> of 8 categories  | Stable                           |
| <b>Moody's</b>   | <b>Aa1</b><br>2 <sup>nd</sup> of 9 categories  | Review for possible<br>downgrade |
| <b>A.M. Best</b> | <b>A++</b><br>1 <sup>st</sup> of 15 categories | Negative                         |
| <b>DBRS</b>      | <b>IC-1</b><br>1 <sup>st</sup> of 5 categories | Stable                           |
| <b>Fitch</b>     | <b>AA</b><br>2 <sup>nd</sup> of 9 categories   | Negative                         |

as at February 27, 2009

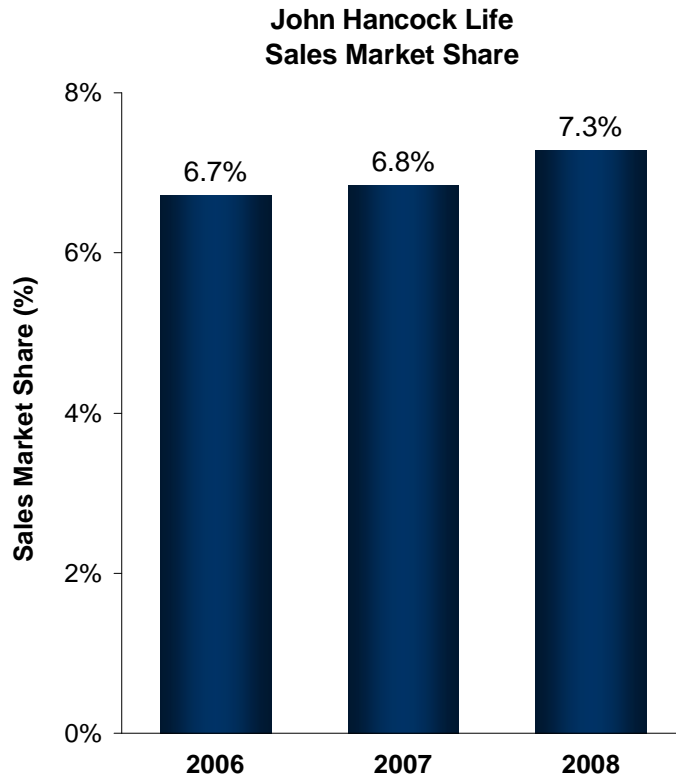
- Key operating subsidiaries have among the highest ratings in the industry



# Industry Leading Sales



**#1 overall market share rank for three consecutive years (2006-2008)**



- Strong sales growth across portfolio

## 2008 Sales Rankings

- #1 Overall Individual Life
- #1 Variable Life
- #2 Universal Life

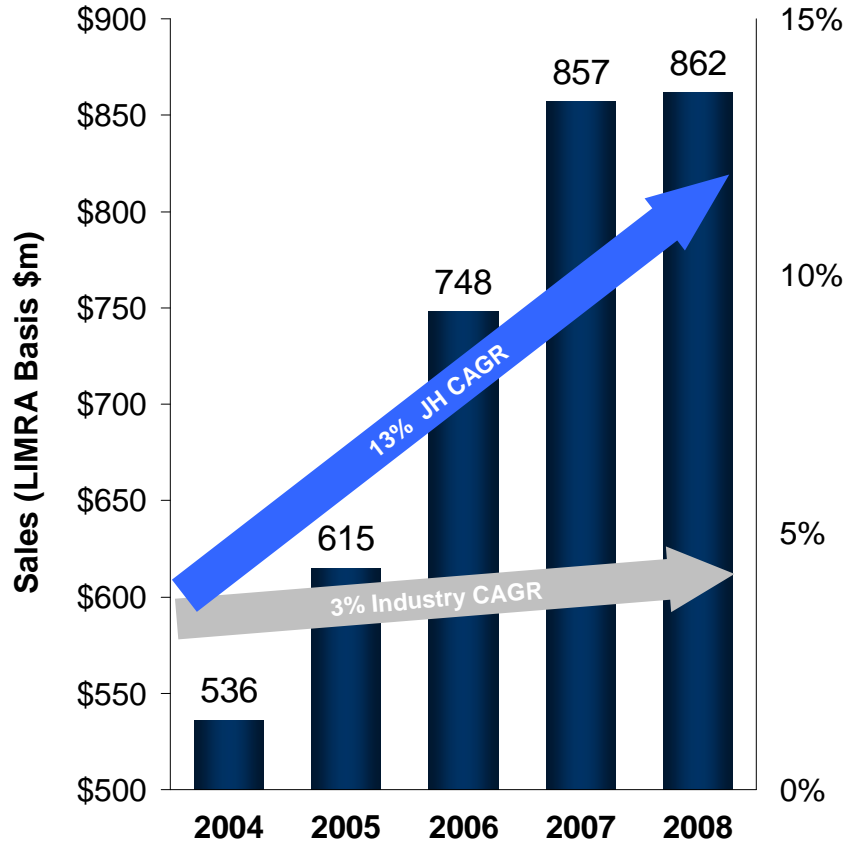
Source: LIMRA



# Sales Growth



**John Hancock Life  
Annualized New Premium**



- Best shelf-space in the industry
- Diversified multi-channel distribution
- Strong sales and technical support
- Underwriting expertise
- Modest sales growth in 2008 despite industry sales declining 7%

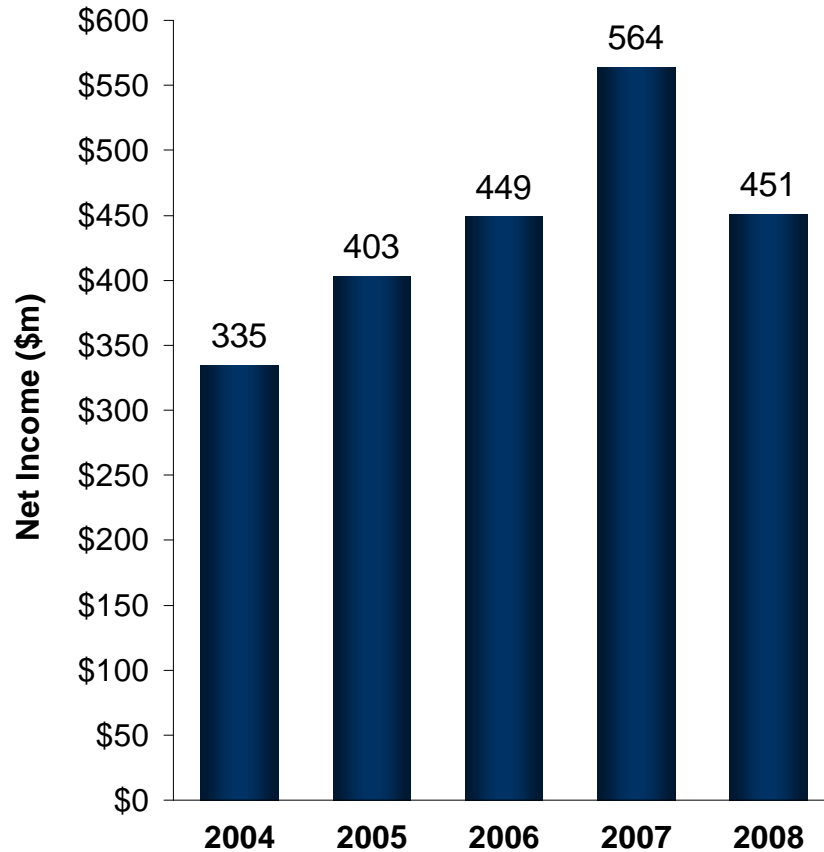
Sales consists of 100% of recurring premiums and 10% of both excess and single premiums. Source: LIMRA



# Profitable In-force Block



**John Hancock Life  
Net Income**



- 2.7 million policyholders
- \$614 billion of gross face amount in-force
- \$45 billion funds under management
- Consistent mortality & experience gains

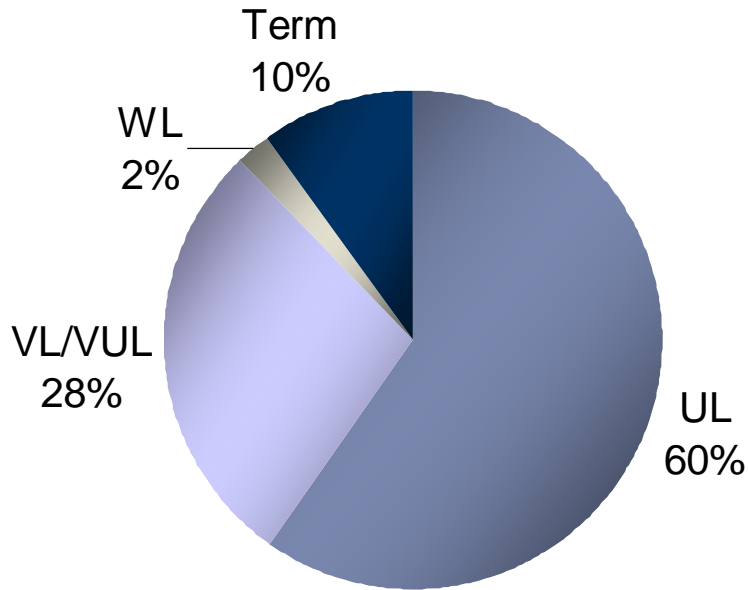
Data as at 31Dec08



# Business Profile



## Product Mix



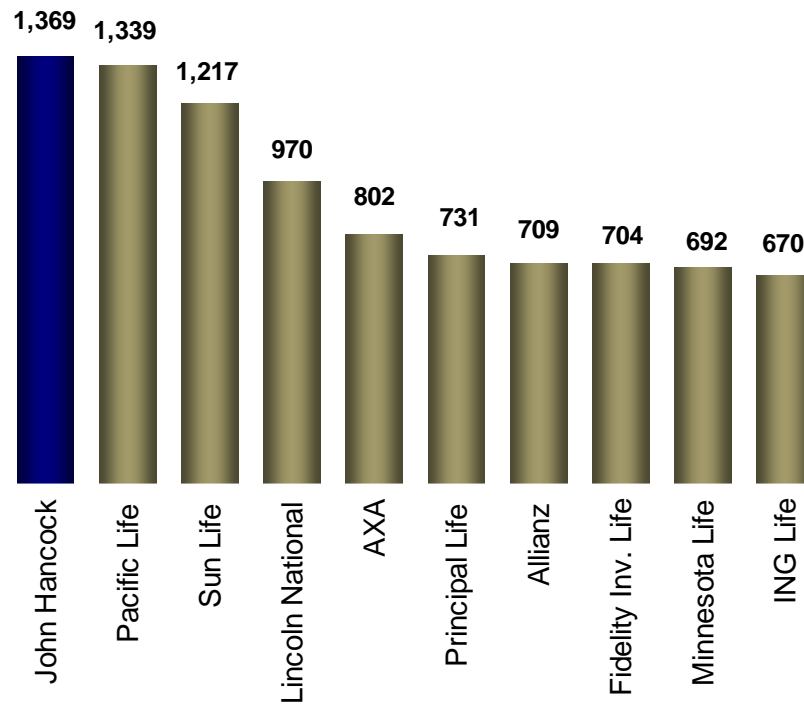
## Typical customer:

- Over age 60
- Net worth >\$5 million
- Life insurance for tax planning, liquidity, estate/business preservation and transfer
- Life Insurance is increasingly viewed as another uncorrelated asset of insured's estate
- Largest average policy size in the U.S.

# Large Face Value



## U.S. Industry Average Face Value 2008



- Specialize in large case underwriting
- #1 rank by average face amount

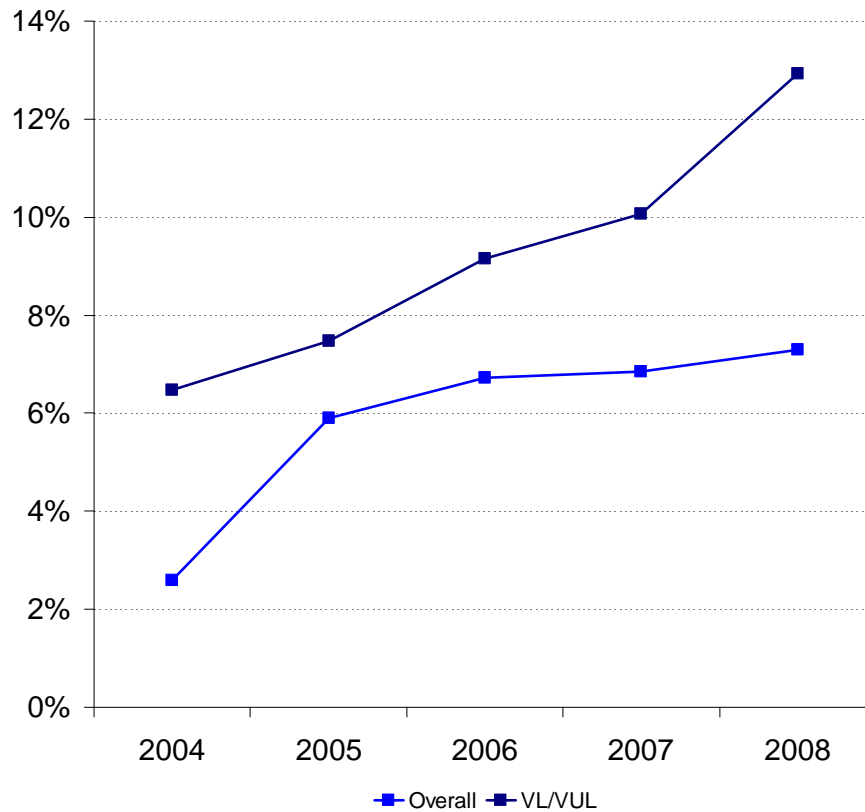
US\$ in thousands. Source: LIMRA



# Focus on VUL



## John Hancock Life Sales Market Share



## Continued momentum in VUL:

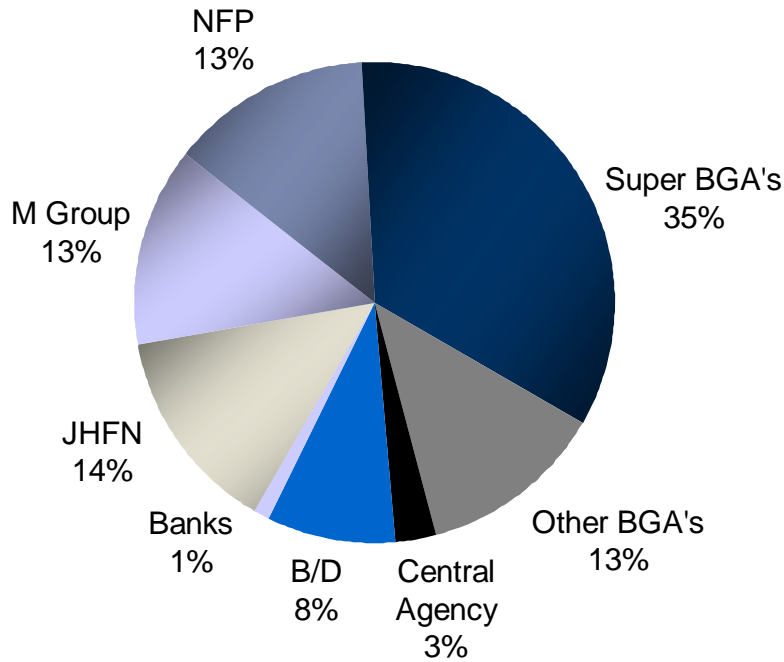
- New product features
- Marketing campaign
- Distribution resources
- Service enhancements



# Broad-based Distribution



## Sales Distribution 2008



- Best shelf-space in the industry
- Diversified multi-channel distribution
- Ranked #1 or #2 in most offices



# Underwriting Excellence

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- Expertise in advanced age large case market
- Proprietary underwriting manual
- Over 100 underwriters with combined experience of over 1000 years
- New business investments in processing and service
- Claims experience consistently better than priced for - resulting in good overall underwriting results



# Conclusion



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- Industry leading credit ratings
- Industry leading sales growth and market position
- Large profitable in-force block
- Best shelf space in the industry
- Superior distribution relationships
- Sophisticated underwriting expertise



# Note to Users



## **Performance and Non-GAAP Measures**

We use a number of non-GAAP financial measures to measure overall performance and to assess each of our businesses. Non-GAAP measures include return on common shareholders' equity, premiums and deposits, funds under management and new business embedded value. Return on equity is a profitability measure that presents the net income available to common shareholders as a percentage of the capital deployed to earn the income. The implementation of the new accounting standards for financial instruments resulted in unrealized gains and losses on AFS securities and cash flow hedges, which do not have an impact on reported income for the period, being reflected in a new component of shareholders' equity. Accordingly, the Company calculates return on equity using average common shareholders' equity excluding accumulated other comprehensive income on AFS securities and on cash flow hedges. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers.

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