



LONG-TERM CARE
INSURANCE

Broker Contract Package

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Appointment Data Sheet



Licensee Last Name		First Name		Middle Initial
Social Security Number		Date of Birth	License State(s) (needing JH)	
Business Address (policies and correspondence mailed here)		City	State	Zip
Resident Address		City	State	Zip
Phone Number (required)	Fax Number (required)		E-Mail Address	
<input type="checkbox"/> Not Paid Direct <input type="checkbox"/> Paid Direct		<i>(contract and commission schedule must accompany this data sheet)</i>		Commission Level:
General Agency Name	Principal Agent's Name		Agency Tax ID	
Managing General Agency Name		Managing General Agent's Name		

- A. Agents who will be paid commission from the General Agent need only complete this sheet.
- B. Agents who will be paid directly by John Hancock:
1. Complete this LTC Appointment Data sheet. Commission level must be indicated on this Sheet.
 2. Read, date, and sign the Contract.
 3. If commission is to be paid to someone other than yourself or to a corporation, complete Assignment of Commission form and attach it to the LTC Appointment Data Sheet.

Please attach the following:

1. A current insurance license copy for each state in which you wish to sell.
2. This completed appointment form.
3. Copies of completion of any additional requirements to sell LTCI as may be required by the states including Continuing Education, Producer Training or Partnership Training certifications.
4. Attach commission schedule if paid by John Hancock.
5. Attach assignment of commission form and licenses if assigning commissions.
6. All commission forms and licenses if assigning commissions.
7. All commission levels must be approved by the General Agent & Managing General Agent.

Please send all materials to:

(Overnight Address)

John Hancock
 LTC Licensing, B-5
 200 Berkeley Street
 Boston, MA 02117

(Postal Address)

John Hancock
 Attn: LTC Licensing, B-5
 One John Hancock Way, Suite 1600
 Boston, MA 02117

HOME OFFICE USE ONLY: PAYROLL NUMBER/EFFECTIVE DATE

John Hancock Life Insurance Company (U.S.A)
John Hancock Life & Health Insurance Company
Attn: LTC Licensing
One John Hancock Way, Suite 1600
Boston, MA 02217-1600



Assignment of Commissions Form

Assignor Information:

Name

Assignee Information:

Name

Address

SS# or Tax ID

REQUESTED EFFECTIVE DATE

Assignor assigns to Assignee all rights, title and interest to the Assignor's rightful commission on all policies due or to become due, from John Hancock Life Insurance Company (U.S.A.) and by John Hancock Life & Health Insurance Company, its subsidiaries, affiliates, or successors (hereinafter called "Company") under the Assignor's Broker Agreement with Company dated _____. However, such commission shall be subject to all of the terms and provisions of said contract including the right of the Company to withhold and use such commission to offset any indebtedness of the Assignor or Assignee to the Company and including any related agreements between Assignor and Assignee.

Assignor directs the Company to pay these commissions to the Assignee, and releases and indemnifies the Company from and against any and all liability to the Assignor, the Assignee or any third party for payment of these commissions in accordance with this agreement.

This assignment will become effective on the date it is accepted and approved by the Company, or, if later, the Requested Effective date indicated above.

Assignor warrants and represents that no other assignment, lien, restriction or order exists in connection with the commission described above.

Assignor Signature

Date

Consent to Assignment

The Company consents to the above assignment of commission subject to the terms, provision and conditions stated or referred to herein, but assumes no responsibility or obligation as to the validity or sufficiency thereof.

Signature (Home Office)

Date

Long-term care insurance is underwritten by John Hancock Life Insurance Company (U.S.A), Boston, MA 02117 (not licensed in New York) and in New York by John Hancock Life & Health Insurance Company, Boston, MA 02117.
JH-LTC 1544 12/2009



Broker Contract

John Hancock Life Insurance Company (U.S.A)
John Hancock Life & Health Insurance Company

Name of Broker

This Agreement is entered into by and between John Hancock Life Insurance Company (U.S.A) and John Hancock Life & Health Insurance Company (hereinafter referred to as "John Hancock" or "Hancock") and

Broker Name)
(hereinafter referred to as "Broker")

(Social Security Number)

WHEREAS, John Hancock wishes to increase the scope of its marketing system for its long-term care insurance products; and

WHEREAS, Broker wishes to market these products; and

WHEREAS, the parties intend to treat each other in a fair and equitable manner and develop a mutually beneficial relationship, the parties now agree as follows:

I. RESPONSIBILITIES OF THE BROKER

- A. **General.** Broker agrees to procure applications for long-term care insurance products made available through John Hancock, but only in those states in which the Broker is in compliance with all applicable regulatory licensing and training requirements at the time of solicitation. John Hancock retains sole discretion to determine in which states the John Hancock insurance products may legally be sold. The policies and certificates issued as a result of applications procured by Broker while this contract is in force shall be referred to as "policies."
- B. **Premiums.** Broker will treat money received or collected for John Hancock as property held in trust, and will promptly remit such money to John Hancock's Home Office, in accordance with the procedures established by John Hancock and without deducting or retaining any commission without express written consent of John Hancock. Broker is authorized to collect only the initial payment for any policy issued upon applications solicited by Broker.
- C. **Delivery of Applications and Policies.** Broker will deliver to John Hancock all applications procured hereunder without undue delay. Broker will also ensure proper delivery and servicing by Broker of the policies according to applicable laws, regulations and John Hancock policies.
- D. **Compliance.** Broker will comply with the underwriting and issue requirements of John Hancock and the applicable federal and state insurance laws, regulations, and requirements. Such laws, regulations and requirements include, but are not limited to, those pertaining to client funds, privacy and confidentiality, licensing, rebating, replacements, solicitation and advertising.

- E. **Books and Records.** Broker will maintain, in a manner and form reasonably required by John Hancock, true and correct records and books of account of all transactions under this and all previous contracts with John Hancock, and shall cooperate with John Hancock in audits of such records and books of account as may be reasonably requested by John Hancock. Broker will also hold and preserve all papers, books, files, correspondence and records of all kinds which at any time shall come into the Broker's possession or control relating to transactions by or for John Hancock, and upon request shall provide to John Hancock copies of such documents, or where reasonably required by John Hancock as in connection with any internal investigations or official proceedings, the original documents. All records maintained by Broker hereunder and all brochures, rate manuals, forms and other point-of-sales materials furnished to Broker by John Hancock are and will remain the property of John Hancock. Broker will return any such material to John Hancock promptly upon termination of this Agreement, and will destroy or return to John Hancock, at John Hancock's option, any such material if outdated.
- F. **Cooperation.** Broker will cooperate fully in any insurance or other regulatory inquiry, investigation or proceeding, any judicial proceeding or any consumer complaint arising in connection with one or more activities contemplated by this contract.
- G. **Advertising.** Broker will use only books, canvassing materials, or advertising materials relating to products marketed pursuant to this Agreement which are furnished or approved in advance by John Hancock.
- H. **Indemnification.** Broker will indemnify and save John Hancock, its directors, officers and employees, harmless from and against all losses, expenses, costs, damages, fines, assessments and liability (including reasonable attorneys' fees) arising out of or alleged to have arisen out of any act, error or omission of Broker or Broker's employee in connection with this Agreement.
- I. **Trademarks.** Broker will not display or use any of John Hancock's trade names, logos, trademarks, trade devices, service marks, symbols, codes, specifications, abbreviations or registered marks (hereinafter referred to collectively as "Marks") other than in connection with the promotion of the policies pursuant to this Agreement. Any use by Broker of the Marks shall be submitted to John Hancock for prior written approval. Upon termination of this Agreement, all rights or privileges of Broker to use the Marks in any manner shall expire, and Broker shall discontinue the use of the Marks.
- J. **Market Conduct Manual.** Broker will comply in full with the requirements set forth in the Market Conduct Booklet attached as *Appendix I* hereto and incorporated herein by reference and with updates and revisions to the Booklet that are sent to Broker.

II. LIMITATION OF AUTHORITY

Broker shall have no power or authority other than as herein expressly granted. Without limiting the generality of the foregoing, Broker expressly agrees not to:

- A. Recruit and recommend for appointment by John Hancock other brokers to sell long-term care insurance policies of John Hancock.
- B. Bind John Hancock to any risk without John Hancock's express, written authorization to do so or otherwise bind John Hancock by any promise or agreement or waiver of rights; incur any debt, expense, or liability for which John Hancock may be liable; or receive any money due or to become due to John Hancock except first premium on applications or policies and except where John Hancock otherwise agrees in writing, in which case such payments must be in United States currency.
- C. Deliver any policy if Broker is aware that any person proposed for insurance is not in the same condition of health, habits, or occupation, or if any other facts are not as represented in the application, unless a conditional receipt was issued at the time of taking the application.
- D. Make, modify, discharge, extend or waive rights under any policy, or bind John Hancock by making any promises or waiving rights respecting any policy.
- E. Directly or indirectly, pay, allow or give (or offer to do so) any rebate of premium or any part of Broker's commission, or any special advantage in the dividends or other benefits to accrue, or any valuable consideration or inducement whatever not specified in the policy, except that rebate of part of Broker's commission is permissible where in conformance with State law.
- F. Extend the time for the payment of any premium or indebtedness due John Hancock.
- G. Receive any money for John Hancock except as may be authorized by John Hancock herein or elsewhere expressly in writing.
- H. Withhold or convert any monies, securities, policies or receipts belonging to John Hancock; withhold any portion of a collected premium as commission without John Hancock's prior written consent.
- I. Withhold from John Hancock any applications for insurance.
- J. Participate in a systematic effort to cause the replacement, lapse or cancellation of John Hancock policies. John Hancock may withhold commission due during its or another entity's investigation of such a systematic effort. This provision shall survive the termination of this Agreement.

II. LIMITATION OF AUTHORITY

Broker shall have no power or authority other than as herein expressly granted. Without limiting the generality of the foregoing, Broker expressly agrees not to:

- A. Recruit and recommend for appointment by John Hancock other brokers to sell long-term care insurance policies of John Hancock.
- B. Bind John Hancock to any risk without John Hancock's express, written authorization to do so or otherwise bind John Hancock by any promise or agreement or waiver of rights; incur any debt, expense, or liability for which John Hancock may be liable; or receive any money due or to become due to John Hancock except first premium on applications or policies and except where John Hancock otherwise agrees in writing, in which case such payments must be in United States currency.
- C. Deliver any policy if Broker is aware that any person proposed for insurance is not in the same condition of health, habits, or occupation, or if any other facts are not as represented in the application, unless a conditional receipt was issued at the time of taking the application.
- D. Make, modify, discharge, extend or waive rights under any policy, or bind John Hancock by making any promises or waiving rights respecting any policy.
- E. Directly or indirectly, pay, allow or give (or offer to do so) any rebate of premium or any part of Broker's commission, or any special advantage in the dividends or other benefits to accrue, or any valuable consideration or inducement whatever not specified in the policy, except that rebate of part of Broker's commission is permissible where in conformance with State law.
- F. Extend the time for the payment of any premium or indebtedness due John Hancock.
- G. Receive any money for John Hancock except as may be authorized by John Hancock herein or elsewhere expressly in writing.
- H. Withhold or convert any monies, securities, policies or receipts belonging to John Hancock; withhold any portion of a collected premium as commission without John Hancock's prior written consent.
- I. Withhold from John Hancock any applications for insurance.
- J. Endorse or present for collection any check, draft or other instrument made payable to John Hancock.

- K. Participate in a systematic effort to cause the replacement, lapse or cancellation of John Hancock policies. John Hancock may withhold commission due during its or another entity's investigation of such a systematic effort. This provision shall survive the termination of this Agreement.

III. COMPENSATION

Compensation shall be paid to the Broker as follows:

- A. **Commission to Broker.** John Hancock shall pay to Broker compensation on policies procured under this contract at the rates set forth in the Commission Schedule in effect on the effective date of the policies to which they relate. The Commission Schedule as of the effective date of this Agreement is attached hereto. No compensation shall be earned or payable until the premium is received in cash or credited by John Hancock, the policy is placed in force, and commissions have been authorized according to the normal accounting procedures of John Hancock. Commission is not payable on increases in premium due to premium rate increases implemented by John Hancock.
- B. **Premium and Product Changes.** John Hancock reserves the right to modify, discontinue or withdraw any plan of insurance in any jurisdiction and to fix the compensation on plans not included in the Commission Schedule which is now or may hereafter be issued by John Hancock. John Hancock shall be entitled to change the premium rates or dividends on any of its products at any time.
- C. **Changes to Commission Schedule.** John Hancock reserves the right to change the Commission Schedule thirty days following written notice to Broker. Any such change shall not apply with respect to policies issued based on applications taken prior to the effective date of such change.
- D. **Premium Refunds and Uncollected Premium.** If John Hancock shall for any reason waive or refund any premium, Broker shall have no right to commissions on such premium, and shall promptly pay to John Hancock the full amount received on account thereof. If John Hancock for any reason pays to Broker a commission in advance of the payment of the premium and the premium is not subsequently collected from the policyowner, Broker shall repay such commission to John Hancock.
- E. **Replacement Policies.** The amount, if any, and the time of payment of commission on replacements, changes, conversions, exchanges, premiums paid in advance, policies issued on a "guaranteed issue" basis, and other special cases and programs shall be governed by John Hancock's underwriting and administrative rules in effect as of the effective date of the policies to which they relate.

- F. **Vested Commission.** Commissions payable hereunder shall be vested. Any commission due and payable on or after Broker's death shall be paid to Broker's estate except as otherwise provided in Paragraph V.B. hereof.

IV. GENERAL PROVISIONS

- A. **Assignment.** Broker may not assign the rights to procure insurance applications or be relieved of the obligations of the Broker under this contract without John Hancock's prior written consent. John Hancock reserves the right to assign this Agreement to a third party.
- B. **Indebtedness.** Any advance, debit balance, loan or extension of credit which Broker at any time and in any manner may secure from John Hancock constitutes an indebtedness to John Hancock. If any check or draft of Broker used to transfer monies to John Hancock is dishonored upon presentment for payment, the amount thereof shall constitute an indebtedness of Broker to John Hancock. The entire indebtedness of Broker to John Hancock as recorded in John Hancock's records may be deemed due and payable in full to John Hancock at any time. Broker is responsible for any costs, including but not limited to attorney fees and other collection expenses, incurred by John Hancock in connection with the recovery from Broker of any indebtedness of Broker to John Hancock. Broker hereby grants to John Hancock a first security interest in all commission and other compensation becoming due hereunder to secure any indebtedness of Broker to John Hancock. John Hancock may at any time apply commission payable to Broker hereunder or any other monies payable to Broker by John Hancock or by to reduce any such outstanding indebtedness.
- C. **Independent Contractor.** Broker shall be free to exercise independent judgment as to the time, place and means of performing all acts under this contract, but shall be guided by such general business conduct rules as may be adopted by John Hancock. The relationship of Broker to John Hancock shall be that of an independent contractor. Nothing in this contract shall be construed to create the relationship of employer and employee between John Hancock and Broker or Broker's employees.
- D. **No Waiver.** Failure of John Hancock or Broker to insist upon strict compliance with any of the conditions of this contract shall not be construed as a waiver of any such conditions.
- E. **Amendment or Modification.** This agreement may be amended by written notice from a duly authorized officer of John Hancock to Broker. No such amendment shall affect commission payable with respect to any policy issued based on applications taken prior to the effective date of such change.
- F. **No Inducement To Lapse.** During the term of this contract and following its

termination, Broker shall not directly or indirectly attempt to cause any policyholders or contract holders who purchased policies through Broker pursuant to this contract, to cancel, lapse or fail to renew such policies or contracts. Violation of the above may be enjoined by any legal means available to John Hancock, and John Hancock shall be entitled to recover from Broker compensatory damages and all costs and expenses incurred in connection with such litigation, including all attorneys' fees.

- G. **Governing Law and Arbitration.** This contract will be construed under and governed by the laws of the Commonwealth of Massachusetts, without regard to its conflicts of law doctrine. Any controversy or claim arising out of or relating to this contract, or the breach thereof, will be settled by arbitration by the American Arbitration Association held in Boston, Massachusetts, in accordance with Rules then obtaining of such Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Should arbitration not apply to resolution of any default or breach of this Agreement by reason of law, the parties shall have recourse to all available rights and remedies at law or in equity. All of the available rights and remedies shall be cumulative and may be exercised singularly or concurrently. In no event shall either party be liable for punitive, incidental, indirect, special or consequential damages, or for loss of profits, or for the procurement of substitute products and services, even if the other party has been advised of the possibility of such damages.
- H. **Notices.** A written notice shall be effective under this contract as follows: (a) if given by John Hancock to Broker, by delivery thereof to Broker, or by mailing thereof addressed to Broker at Broker's last known office address, (b) if given by Broker to John Hancock, by delivery or by mailing such notice addressed to: John Hancock Long-Term Care, 200 Berkeley Street, Boston, MA 02117, Attn: Senior Vice President-Sales.
- I. **Investigation.** While any portion of this Agreement is in effect, Broker hereby grants to John Hancock the right to request a credit report or criminal background check or other investigation on Broker.

V. TERMINATION

- A. **When Termination Occurs.** This contract, together with any and all appendices, supplements or schedules, and any appointments and/or licenses extended to Broker, shall terminate at the earlier of the following:
1. Thirty-one days following written notice by either party to the other
Termination may be effected under this paragraph with or without cause.
 2. Broker's death or total disability, the existence and commencement of total disability to be determined by John Hancock in its sole discretion.
 3. Immediately and automatically without notice if Broker has not produced at least one issued policy during any twelve (12)-month period.

4. Immediately by John Hancock for cause attributable to Broker including, without limitation, any of the following acts:
- i. any act of fraud, dishonesty, misappropriation or withholding of funds;
 - ii. any material sales practice or market conduct violation as determined by John Hancock in accordance with its published guidelines;
 - iii. inducing or attempting to induce a John Hancock policyholder to cancel or to replace a John Hancock policy with that of another Company;
 - iv. failure to repay any indebtedness to John Hancock within sixty (60) calendar days;
 - v. violation of the laws, regulations or rules of any jurisdiction in which the Broker operates, or of any governmental authority exercising jurisdiction over the Broker;
 - vi. failure to comply with the policies and procedures of John Hancock including, without limitation, acceptance of premium payments made payable to anyone other than John Hancock;
 - vii. failure to maintain required insurance licensure; or
 - viii. filing of bankruptcy proceedings or, if Broker is a corporation, dissolution of the corporation;
 - ix. a production level such that the total compensation payable to Broker hereunder in any consecutive twelve (12)-month period is less than six hundred fifty dollars (\$650).
- B. **Commission After Termination With Cause.** Termination under Paragraph V.A.4. or any post-termination act that falls within any one of the acts described in Subparagraph V.A.4.i through V.A.4.v inclusive may, at John Hancock's option, result in revocation of all commission which may be due under this Agreement on or after the date of termination of this Agreement. This provision shall survive the termination of this Agreement.
- C. **Post-Termination Cooperation.** Subsequent to the termination of this contract, both parties agree to provide ongoing administrative support with respect to all policies sold under this contract and in existence as of the date of its termination in the same form and at the same level as was required prior to the termination.
- D. **Survival After Termination.** The provisions under this section, as well as any other provisions of this contract which expressly continue or by their nature should continue in order to properly service the business procured under this Agreement, respond to post-termination consumer complaints, comply with applicable laws and regulations, and enable each party to fulfill obligations to the other which were incurred prior to the termination of this contract, shall survive any termination of this contract.

VI. REAPPOINTMENT

Listed below are the circumstances under which John Hancock may agree to reappoint a Broker, it being understood that John Hancock retains the right to decline to reappoint a Broker under any and all circumstances:

- A. **Termination With Cause.** If John Hancock terminates Broker's Managing General Agent or General Agent with cause, John Hancock may accept reappointment of Broker with another agent organization immediately.
- B. **Termination Without Cause.** If John Hancock terminates Broker's Managing General Agent or General Agent without cause, John Hancock may accept reappointment of Broker from another agent organization after a period of thirty (30) days has passed from the date of John Hancock's termination notice, or immediately if Broker's Managing General Agent and General Agent, as applicable, provide written consent for John Hancock to accept such reappointment.
- C. **Failure To Produce.** If Broker has not sold any policies for a period of one hundred eighty (180) days, John Hancock may accept reappointment of Broker with another agent organization immediately.
- D. **Broker Request.** If Broker requests to be reappointed with another agent organization, John Hancock may accept reappointment of Broker after ninety (90) days has passed from the date of that request or immediately if Broker's Managing General Agent and General Agent, as applicable, provide written consent for John Hancock to accept such reappointment.

IN WITNESS WHEREOF, Broker and John Hancock, have caused this contract to be executed and effective as of the dates indicated below.

Broker agrees that this Agreement will take effect as indicated by John Hancock below.

Executed by Broker

(Broker Name)

(Signature)

(Date)

**Executed on Behalf of
John Hancock Life Insurance Company (U.S.A.)
John Hancock Life & Health Insurance Company**

(Name)

(Signature)

(Date)

This Agreement shall take effect as of _____.

Commission Schedule

<attach here>

Market Conduct Manual

PRINCIPLES OF ETHICAL Conduct

With respect to our principles of ethical market conduct in all matters affecting the sale of individually sold long-term care insurance products, John Hancock¹ pledges:

ONE

To conduct business according to high standards of honesty and fairness and to render that service to our customers which, in the same circumstances, we would apply to or demand for ourselves.

TWO

To provide competent and customer-focused sales and service.

THREE

To engage in active and fair competition.

FOUR

To provide advertising and sales materials that are clear as to purpose, honest and fair as to content.

FIVE

To provide for fair and expeditious resolution of customer complaints and disputes.

SIX

To maintain a system of supervision and review that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.

John Hancock requires that all representatives appointed to solicit, sell and/or service John Hancock's long-term care insurance products also comply with these principles, as explained further in this document.

¹ John Hancock refers to John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117 (not licensed in New York) and in New York John Hancock Life & Health Insurance Company, Boston, MA 02117

HONESTY AND FAIRNESS

PRINCIPLE 1

To conduct business according to high standards of honesty and fairness and to render that service to our customers which, in the same circumstances, we would apply to or demand for ourselves.

Code of Conduct

- Insofar as individual products or those marketed on an individual basis are concerned, we will make reasonable efforts to determine the insurable needs or financial objectives of each customer, based upon relevant information obtained from the customer. We will enter into transactions which assist the customer in meeting his or her insurable needs or financial objectives.
- We will implement policies and procedures to maintain compliance with all applicable statutes and regulations by which our Company is bound.
- We will affirmatively seek, in cooperation with customers, regulators, and others, to improve the practices for sales and marketing of long-term care insurance products.

Remarks

We abide by the NAIC Long-Term Care Insurance model law and regulations, which require that all prospective applicants be provided with a Shopper's Guide and Policy Outline of Coverage before an application is submitted. In addition, to help determine the suitability of a long-term care insurance product for customers, representatives should endeavor to have their customers complete the Long-Term Care Insurance Personal Worksheet.

CUSTOMER FOCUS

PRINCIPLE 2

To provide competent and customer-focused sales and service.

Code of Conduct

- We will take actions reasonably designed to determine the good character, business repute, qualifications, and experience of our affiliated representatives.
- We will take such actions reasonably designed to provide that our representatives have successfully completed state examination requirements and are duly licensed or otherwise qualified under state law.
- We will provide that our representatives and their field supervisors are adequately trained to focus on customers' needs and objectives.
- We will take such actions reasonably designed to provide that our representatives are knowledgeable of our products and the operation of those products.
- We will take such actions reasonably designed to provide that our representatives and field supervisors are trained and receive continuing education relating to compliance with applicable state insurance laws and regulations relating to the concepts of the Principles of Ethical Market Conduct.

Remarks

To solicit or sell any Company insurance product, you must be appointed to represent John Hancock and licensed in the state where the application was written and solicited.

Training resources available to you through the Company include: product introduction kits, product reference guides, seminars at your offices, website intranets, meetings with our trainers and wholesalers, and sales training classes. Generally, no fees or other costs will be charged to you in connection with your accessing such resources, although there may be some exceptions. Consult your John Hancock account representative for further information. You must be appropriately licensed and appointed with the Company, and where required, trained, prior to soliciting applications for our consideration.

FAIR COMPETITION

PRINCIPLE 3

To engage in active and fair competition.

Code of Conduct

- We believe that fair competition is the most effective and efficient means of providing products and services to customers and also is the most efficient regulator of activities.
- We will implement policies and procedures to maintain compliance with applicable state and federal statutes fostering competition, such as those related to anti-trust matters.
- We will not replace an existing long-term care insurance policy unless such replacement is in the best interest of the customer and without first communicating to the customer the information that he or she needs in order to ascertain whether such replacement of existing policies or contracts may or may not be appropriate.
- We will refrain from disparaging competitor insurers.

Remarks

In our opinion, replacement of existing long-term care insurance products is generally not in the best interest of the client. In those instances where replacement is recommended, you must do so in strict compliance with applicable state laws, including the completion of state-required replacement forms and disclosure on the John Hancock application.

In describing a competitor or a competitor's product, you must be certain that what you write or say is complete and accurate in all respects. In any event, the sale of our products should be made on the strengths of our products and services.

ADVERTISING AND SALES MATERIAL

PRINCIPLE 4

To provide advertising and sales materials that are clear as to purpose, honest and fair as to content.

Code of Conduct

- We will present materials designed to lead to sales or solicitation of long-term care insurance products in a manner intended to be consistent with the needs of the customer. All such sales or solicitation communications will be based upon the principles for fair dealing and good faith and will have a sound basis in fact.
- We will develop materials that intended to be understandable for the consumer in light of the complexity of the product being sold.
- We will implement policies and procedures to maintain compliance with all applicable state laws and regulations related to advertising, unfair trade practices, sales illustrations, and other similar provisions.
- We will provide for illustrations of prices and benefits that are accurate and fair.

Remarks

The Company provides prepared marketing materials for all of its products. Marketing materials include any material which promotes or which attempts to create public interest in a product. Letters written to a client could constitute marketing material, depending on content. Regulators require that marketing material, including marketing correspondence for the sale of John Hancock products, must be approved by the Company prior to use. In addition, consumer marketing and sales material must be filed with regulators in many states. Marketing correspondence is any correspondence which promotes John Hancock's products or services, whether in paper or electronic format. Your John Hancock account representative can provide pre-approved material or, where appropriate, assist you in having your own version approved by the Company.

Always keep copies of marketing materials and premium illustrations shown to clients in your client file.

CUSTOMER COMPLAINTS

PRINCIPLE 5

To provide for fair and expeditious resolution of customer complaints and disputes.

Code of Conduct

- We will establish and maintain a system for identifying, evaluating, and resolving complaints, which complies with applicable state law and regulations related to consumer complaint handling.
- We will, in good faith, work to resolve complaints and disputes without resorting to civil litigation.

Remarks

Complaints are expressions of grievance by a client against the Company, a Company producer, or other Company associate in connection with the sale or service of a Company product. At times, it is difficult to determine if the client has a complaint or is simply making a service inquiry. When in doubt, assume it is a complaint and follow the Company policy for handling it.

Complaints require expeditious resolution and the application of consistent standards. As a Company, we must record in a central location all written complaints and, where applicable, you and your agency head will have an opportunity to participate in the resolution of any complaint received from your clients.

Any written complaint you receive from a John Hancock client must be delivered to your managing supervisor expeditiously for forwarding to the Company.

If the complaint is oral and the complainant does not want to reduce it to writing, you should encourage them to call the Company. If the client is reluctant to call, you should make the call to record the complaint.

Always keep a copy of any complaint received from a client in your client file.

COMPLIANCE REVIEW

PRINCIPLE 6

To maintain a system of supervision and review that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.

Code of Conduct

- We will establish, maintain, and enforce policies and procedures to provide compliance with these principles and all applicable laws and regulations related to long-term care insurance product sales, advertising, and market practices.
- We will establish, or require managing supervisors to establish, a system of supervision and periodically review of the market activities of sales representatives to monitor their compliance with these principles and applicable laws and regulations.
- We will conduct periodic training sessions for supervisory persons and appropriate to our distribution systems, make available training on compliance procedure requirements.
- We will establish and maintain a system for internal auditing and monitoring of information related to sales practices.

Remarks

The Company may contact applicants during the underwriting process and may contact policyholders by telephone or mail survey on a random basis after issue to determine client satisfaction with product sales and service. Care is taken not to disturb the client/producer relationship.

Managing supervisors are expected to supervise representatives to monitor compliance with these principles and applicable laws and regulations.

COMPLIANCE WITH THE PRIVACY LAWS, THE PATRIOT ACT, AND THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

PRINCIPLE 7

Below are privacy requirements that stem from federal and state privacy laws and regulations adopted over the past few years.

A. Compliance with Privacy Laws and The Patriot Act

In accordance with the various privacy requirements under Title V of the Gramm-Leach-Bliley Act (15 U.S.C § 6081 et seq.) ("GLB") and other related regulations, you are required to respect the privacy of the non-public personal information of your clients.

John Hancock's customer privacy policy states that nonpublic personal information about the applicant and/or customer will not be shared with any nonaffiliated third parties for marketing purposes. Nonpublic personal information is broadly defined to include any identifying information, such as name and address, as well as information like Social Security numbers and medical data (collectively, "Client Data").

To comply with this policy, it is important to remember that Client Data should not be disclosed to a service provider without a written agreement prohibiting the use and disclosure of the Client Data for any purpose other than to provide the service requested, nor should Client Data be used or disclosed for any purpose other than to perform a service requested by the Client. The standard should be to disclose only the minimum necessary Client Data.

In addition all producers and representatives must establish effective security measures to protect Client Data, and shall provide both assurances that measures are in place and access to audit such measures.

You must comply with all applicable anti-money-laundering laws, regulations, rules and government guidance, including the reporting, recordkeeping and compliance requirements of the Bank Secrecy Act ("BSA"), as amended by the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2002, Title III of the USA Patriot Act ("the Act"), its implementing regulations, and related rules. Further, you must comply with the economic sanctions programs administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

B. Compliance with The Health Insurance Portability and Accountability Act (HIPAA)

One of the components of the Health Insurance Portability and Accountability Act, or HIPAA, is the requirement to protect individually identifiable health information. These privacy and security requirements are set forth in regulations promulgated by the Department of Health and Human Services at 45 CFR Parts 160 and 164, as amended, and they are in addition to any confidentiality provisions in your agreement.

These privacy and security requirements apply to protected health information that you collect, use or disclose in connection with John Hancock long-term care insurance leads, applications or policies, including long-term care insurance riders with life insurance.

Protected Health Information

Protected Health Information means individually identifiable information, including demographic information that relates to:

- the past, present or future physical, mental, or behavioral health or condition of an individual;
- the provision of health care to an individual; or
- the payment for the provision of health care to an individual.

It is limited to the information you either receive from John Hancock or create or receive on behalf of John Hancock. For example, any health information you obtain from an individual while applying for a John Hancock long-term care insurance policy would be considered protected health information.

Permitted Uses and Disclosures

You may use or disclose protected health information to perform functions, activities, or services for, or on behalf of, John Hancock as specified in your agreement. You may not use or disclose protected health information for any other purpose unless you obtain the individual's written authorization to do so.

Your Obligations

You must:

- not use or further disclose protected health information other than as permitted or required by these provisions or as required by law.
- use appropriate administrative, physical, and technical safeguards to prevent any use or disclosure of protected health information other than as provided for by these provisions.
- mitigate, to the extent practicable, any harmful effect of your use or disclosure of protected health information in violation of these provisions.
- report to John Hancock any use or disclosure of protected health information not allowed by these provisions.
- require you to comply with these requirements.
- assist John Hancock in complying with our obligation to provide individuals with a right of access to their protected health information, by providing us with access to protected health information you have if we request it.
- make an amendment to protected health information in your possession if requested by an individual and agreed to by John Hancock.
- make your internal practices, books, and records relating to your use and disclosure of protected health information available to us or, at our request, to the United States Secretary of Health and Human Services, for purposes of the Secretary determining John Hancock's compliance with the Privacy Regulation.
- document your disclosures of protected health information and, at our request, to provide us with information related to such disclosures for purposes of responding to a request by an individual for an accounting of disclosures of protected health information.

John Hancock's Obligations

John Hancock must:

- provide you with any changes in, or revocation of, permission given by an individual to us to use or disclose protected health information, if such changes affect your permitted or required uses and disclosures.
- notify you of any restriction to the use or disclosure of protected health information that we have agreed to in accordance with the Privacy Regulation.
- not request that you use or disclose protected health information in any manner that would not be permissible under the Privacy Regulation if done by us.

Continuing Obligations

Your obligations under these provisions continue even after your agreement with us terminates, as follows.

- (a) These requirements do not terminate until all of the protected health information is destroyed or returned to us or, if it is infeasible to return or destroy protected health information, you provide protections to such information, in accordance with (b) below. Termination of your agreement does not terminate these requirements unless and until these requirements have been met.
- (b) Effect of Termination of Your Agreement.
 - (1) Except as provided in paragraph (2) below, upon termination of your agreement, you must return or destroy all protected health information you either received from John Hancock or created or received on behalf of John Hancock. You may not retain any copies of the protected health information except to the extent required by your internal file retention policies.
 - (2) If you determine that returning or destroying protected health information is infeasible where not otherwise permitted pursuant to paragraph (1) above, you must give John Hancock notice of the conditions that make return or destruction infeasible. If we agree with your determination, you must extend the protections of these provisions to such protected health information and limit further uses and

disclosures of it to those purposes that make the return or destruction infeasible, for so long as you maintain such protected health information.

Violations

Your violation of any of these requirements is a valid basis for immediate termination of your agreement, notwithstanding any contrary provision in the agreement.

MISCELLANEOUS

Client Files

Client files are an absolutely necessary aspect of being in the business. The files are critical to understanding the client, the coverages he/she has, the background on why particular products were sold, how they were sold, subsequent changes on products sold, and service requests. They represent a tracking tool or monitoring device, which allows you to profile the client and their potential needs.

We recognize that your client files will quite likely contain records on John Hancock policies plus those of other companies. Regulations require that client files are to be kept indefinitely and we ask that you maintain your John Hancock client files/records in compliance with your organization's ordinary course file retention policies; provided that such policies must be in compliance with applicable law. After these time spans have elapsed, or if your John Hancock association terminates, please give all the client files/records to your managing supervisor for safekeeping.

To protect yourself, the client file should contain copies of sales presentations made, marketing materials used, suitability/fact-finding forms, illustrations, correspondence, acknowledgement receipts for replacement forms, policy acknowledgement receipts, application copies, and any complaints

Ethical Conduct

John Hancock has a strong commitment to accepting only the highest degree of ethical market conduct. To that end, the Company monitors all of its business activities, including those of all of our producers, to ensure full compliance.

In situations where a possible violation of our policies is noted, we carefully gather the facts from all involved parties, review the situation, and make a determination as to whether or not a sanction is in order. Our sanctions range from letters of caution to refusal to accept further new business from the producer.

INSURANCE MARKETPLACE STANDARDS ASSOCIATION (IMSA)

This final section has been included in our Market Conduct booklet so you can better understand what IMSA requires of a company for certification.

DETERMINING THAT THE RESPONSE IS YES

This section provides insurers and independent assessors with guidance on the nature and extent of the evidence that would support a “yes” answer to each question in the questionnaire.

What is yes?

In the section “Elements of Compliance,” the indicators for each question are grouped according to the three aspects of every question. In order to respond affirmatively to any given question, an assessor (company or independent) must be able to answer affirmatively to all three aspects of the question. These three aspects, which apply to every question, are:

1. Approach

Does the insurer have in place policies and procedures that address the objective of the question?

- Is someone (individual or team) responsible for establishing, maintaining, communicating, deploying, and monitoring these policies and procedures?

2. Deployment

- Are these policies and procedures communicated?
- Does the insurer consistently use these policies and procedures?

3. Monitoring

- Does the insurer routinely monitor the operation of these policies and procedures with a view toward achieving the intended result?
- Does the insurer act upon the information received?

Question 1.1 Does the company have policies and procedures that are designed to reasonably assure determination of customers' insurable needs or financial objectives in the marketing and sales of its individually-sold long-term care insurance products?

Question 1.2 Does the company encourage its distributors to use fact-finding tools for determining customers' insurable needs or financial objectives in the marketing and sale of individually-sold long-term care insurance products?

Question 1.3 Does the company have in place policies and procedures that are designed to reasonably assure compliance with laws and regulations applicable to the marketing and sales of its individually-sold long-term care insurance products?

Question 1.4 Does the company, in a way appropriate to its size, participate in activities that support the enhancement of the insurance industry's ethical market conduct practices?

Question 1.5 Has the company adopted and distributed to employees and distributors a written statement which includes full support for the concepts in the Principles and Code?

Question 2.1 Does the company have, use, and monitor selection criteria which enumerate the qualifications for its producers?

Question 2.2 Is there a process to provide reasonable assurance that producers are licensed or meet other applicable requirements and, where required, are appointed for writing business on behalf of the company?

Question 2.3 Are there policies and procedures designed to reasonably assure that producers and employees involved in the sales process receive training to help customers meet their insurable needs or financial objectives?

- Question 2.4 Are producers provided with descriptive materials of the insurer's product features and operations?
- Question 2.5 For its employees involved in the sales process, does the company provide and for its producers, does it provide or encourage (through communications) participation in periodic training on compliance with laws and regulations related to the marketing and sale of insurance products and the concepts in the Principles and Code, in a way appropriate to its distribution system?
- Question 2.6 Does the company provide or encourage participation in periodic continuing education programs or communications, appropriate to its distribution system, for producers and employees involved in the sales process?
- Question 3.1 Has the company established and communicated guidelines which are designed to allow its producers and employees involved in the sales process to understand what fair competition is?
- Question 3.2 Does the company have policies and procedures in place designed to provide customers with information they need in order to ascertain whether replacements of long-term care insurance products may or may not be appropriate?
- Question 3.3 Does the company have policies and procedures for monitoring replacements which include a system for tracking, identifying, and addressing deviations from its guidelines?
- Question 3.4 Does the company have a policy that prohibits producers and employees involved in the sales process from making disparaging remarks about competitors? (Disparaging remarks do not include relevant, factually accurate information.)
- Question 4.1 Does the company have policies and procedures in place designed to provide reasonable assurance that during the sale and solicitation of individually-sold long-term care insurance products customers receive information consistent with making buying decisions about what is appropriate for them?

Question 4.2 Are policies and procedures in place to reasonably assure that materials used in the sales process are clear and understandable in light of the complexity of the product and the sophistication of the buyer?

Question 4.3 Does the company have policies and procedures in place designed to reasonably assure compliance with laws and regulations related to advertising and sales material?

Question 4.4 Are there policies and procedures for providing reasonable assurance that sales illustrations or other representations used in the sales process of premiums, considerations, costs, and benefits are accurate and complete, and appropriately disclose pertinent elements?

Question 5.1 Does the company have policies and procedures for complaint handling that provide reasonable assurance of compliance with laws and regulations?

Question 5.2 Does the company provide an easily accessible way for customers to communicate complaints?

Question 5.3 Are the policies and procedures designed to reasonably assure that the complaint information gathered is being used to act upon customer complaints and to analyze and eliminate their root causes?

Question 5.4 Does the company have policies and procedures to reasonably assure that it makes good-faith efforts to resolve complaints and disputes?

Question 6.1 Has management established and does it enforce policies and procedures designed to reasonably assure compliance with the Principles and Code?

Question 6.2 Have supervisory responsibilities been assigned, either directly or by contractual provisions with independent intermediaries, to reasonably assure that the policies and procedures for monitoring compliance with the Principles and Code and applicable laws and regulations are being met?

Question 6.3 Does the company provide compliance training sessions on the Principles and Code and applicable laws and regulations for employees involved in the sales process and make available to producers instruction on such compliance requirements?

Question 6.4 Does the company have policies and procedures that require internal auditing and monitoring of information related to the sales practices of its producers and employees involved in the sales process?

To answer yes to a question, an insurer must be able to provide evidence that supports each of the six components under the three aspects of the question. If any component is not adequately demonstrated, a “no” answer would result. For example, an insurer may have extensive evidence of policies and procedures in place for the approval of sales and marketing materials, such as procedures manuals and communications strategies, as well as have designated someone to be responsible for the policies and procedures. However, unless the insurer can also provide evidence that use by producers of sales and marketing materials is routinely monitored (e.g., through a periodic review process) and that it results in follow-up action, all aspects of the question will not have been addressed.

John Hancock Life Insurance Company (U.S.A.)

John Hancock Life & Health Insurance Company

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