



Dividend Policy of The John Hancock Life Insurance Company (U.S.A)

This dividend policy has been established by the Board of Directors of The John Hancock Life Insurance Company (U.S.A). It applies to all participating policies of the Company, whenever issued, including participating policies transferred to the Company by assumption reinsurance. This dividend policy is intended to be consistent with the demutualization commitments made to policyholders in the Company which were established through the Plan of Reorganization for The Manufacturers Life Insurance Company and The John Hancock Mutual Life Insurance Company.

The company currently has five participating blocks:

-  **The Manufacturers Life Insurance Company Closed Block**
Includes most dividend paying policies sold prior to the Manufacturers Life Insurance Company demutualization date.
-  **The Manufacturers Life Insurance Company Open Block**
Includes policies not included in the Closed Block at the Manufacturers Life Insurance Company demutualization date and participating policies sold after that date.
-  **The Manufacturers Life Insurance Company Ancillary Block**
Includes participating annuities, Caribbean and inactive territory policies, and miscellaneous non-dividend paying policies at the Manufacturers Life Insurance Company demutualization date.
-  **The John Hancock Mutual Life Insurance Company Closed Block**
Includes most dividend paying policies sold prior to the John Hancock Mutual Life Insurance Company demutualization date.
-  **The John Hancock Mutual Life Insurance Company Open Block**
Includes policies not included in the Closed Block at the John Hancock Mutual Life Insurance Company demutualization date and participating policies sold after that date.

The Board of Directors will declare dividends based on management's participating policyholder dividend recommendation. The recommendation shall determine the total amount distributable and the method for allocating that amount equitably among holders of participating policies separately for each block.

In approving management's participating policyholder dividend recommendations for each of the Closed Blocks, several factors may be considered, including management's representation regarding:

- **The available excess premiums** of such participating policies due to current experience being more favorable than required to fund their guaranteed benefits and related expenses, if any;
- **Trends in the experience** of participating policies;
- **The overall soundness** of each block

Management's participating policyholder dividend recommendations will seek to minimize cross subsidization between different generations of policyholders. Experience gains and losses will be reflected in changes to future dividends. As the number of participating policies in a Closed Block declines, dividends shall be paid with the objective of exhausting assets with the final payment to the last policy.

In approving management's participating policyholder dividend recommendations for each of the Open and Ancillary Blocks, several factors may be considered, including management's representation regarding:

- **The available excess premiums** of such participating policies due to current experience being more favorable than required to fund their guaranteed benefits and related expenses, if any;
- **Trends in the experience** of participating policies;
- **The overall soundness** of each block;
- **New participating business** and any accumulated surplus growth

The dividend allocation process will endeavor to achieve reasonable equity between classes of participating policyholders by allocating the amount to be distributed to classes of participating policies in the same proportion as they are considered to have contributed to the distributable amount, taking into account that practical limits and prevailing industry practices may apply in some circumstances. The dividend allocation process will also recognize the contractual terms of participating policies, including certain specific classes of participating policyholders that receive either no dividends, or where dividends or the dividend basis are pre-set at policy issue.

To determine the contribution of policy classes to the distributable amounts, participating policies will be grouped into classes with common experience related factors. Experience factors utilized in the dividend determination can include: mortality, investment returns, expenses, asset defaults, taxes and persistency. The experience factors would consider any experience guarantees established for the block. These policy classes will be established separately for participating policies in each block. The same principles are applied to the dividend determinations for all dividend classes.

Experience may be smoothed, in order to avoid undue fluctuations in policyholder dividends. The smoothing mechanisms used vary by block, and can affect the timing of dividend scale adjustments but have no material effect on the total distributable amount paid over the lifetime of the policy.

The dividend scales will be established by the Board of Directors with the advice of management from time to time and will be reviewed annually for all policies.

This dividend policy is intended to at all times comply with applicable law and regulatory requirements and accepted actuarial practice in the jurisdictions in which the Company carries on participating business.

This dividend policy is subject to change from time to time with approval required by the Board of Directors, and, if and when changed, may become applicable to all then existing participating policies.

Glossary

The Company

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

Demutualization

Demutualization refers to the process of changing from a mutual company owned by policyholders, to a stock company owned by shareholders.

Distributable Amount (Amount Distributable)

The amount, determined by management and approved by the Board, available to distribute to participating policyholders through dividends.

Dividend

Participating dividends are used to distribute the amount distributable to the policy owners.

Dividend Scale

The dividend scale is the formula used to allocate dividends to participating policies in a fair and equitable manner. The formula takes into account many factors, including the year the policy was issued, the type of coverage and the amount of insurance coverage the policy provides.

Experience

The actual cost or income in a reporting period compared to the expected cost or income in that same reporting period using best estimate assumptions.

Participating Policy

A policy issued by a company that entitles its holder to participate in the profits of the Participating Account.

Policy Class

Participating policies are grouped into classes with common experience related to such factors as mortality, investment returns, expenses, tax and persistency. Separate and unique classes are established for policies of each geographic region, for policies assigned to closed blocks on demutualization and for policies of blocks acquired since demutualization. The dividend allocation process followed by the Company recognizes the relative contribution to the total amount distributable by each policy class in order to achieve reasonable equity between classes and generations of participating policies.