



# Protection UL

## A focus on customer needs

When it comes to designing life insurance products, John Hancock has always put clients first. The success of these efforts depends on our ability to develop innovative products to match our customers' needs. A shining example of this approach is our flagship product, Protection UL.

So why is Protection UL so successful? It comes down to the fact that Protection UL combines institutional investment expertise and sophisticated product engineering to deliver customer value that is in a class of its own.

## Customer value: a personalized approach to a common need

Protection UL is first and foremost a product that provides clients a high death benefit rate of return on their premium. In the past, this market was served almost exclusively by Guaranteed UL (GUL) products.

GUL policies have one advantage: they are not at all sensitive to changes in policy crediting rates. This can benefit consumers if rates remain low indefinitely, but it's a clear disadvantage if rates ever rise.

While clients can gain reassurance from our history of stable crediting rates, it's important that they also consider how their policy would perform through all possible crediting-rate scenarios. Regardless of what happens, Protection UL has your clients covered!

### Impact of crediting rate changes on policy performance

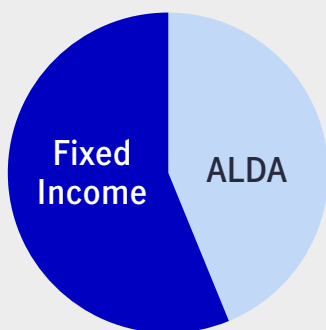
	Covered when rates increase	Covered when rates stay flat	Covered when rates decrease
Surrender Policy	✓	✓	✓
Death of policy owner	✓	✓	✓
Outlive NLG	✓	✓	It depends — on years lived and rate of decrease

# Institutional investment expertise: the engine of policy performance

Protection UL and GUL customers typically have the same goal, which is to achieve a high death benefit rate of return. Like all current assumption UL policies, Protection UL's crediting rate is based on the expected investment performance of the General Account assets supporting the policy.

In a typical current assumption UL policy, the vast majority of underlying assets supporting the crediting rate are corporate or government bonds and other fixed income investments. Protection UL, on the other hand, benefits from a more diverse set of assets within the General Account — including both fixed income and alternative long duration assets (ALDA) with longer investment time horizons.

Alternative assets include commercial real estate, farmland, and timberland. In fact, the John Hancock Timber Resource Group is the largest institutional timberland investment manager in the world. While assets like these are less liquid than bonds, they have traditionally delivered higher long-term rates of return. John Hancock has decades of experience and expertise in managing alternative assets.



# Product engineering: making it all work

Given this unique investment strategy, Protection UL requires an innovative policy design — specifically, one that has moderated early cash values but ultimately fully reflects changes to the crediting rate over the duration of the policy. The former allows us to support the product with less liquid General Account assets. The latter allows us to equitably pass General Account performance to policy owners.

The solution that John Hancock devised to accomplish this is the Policy Value Credit. The central innovation is that the interest rate applied to the policy doesn't just affect current policy values through immediate interest credits, but also long term policy values through Policy Value Credits.

## Policy Value Credit key facts

- The Policy Value Credit is an additional amount added to the policy, beginning in year 1. The credit helps to offset the impact of COI rates in later policy years.
- The formula specifies how Policy Value Credits vary with:
  - Changes to the policy or funding pattern initiated by the policy owner
  - Changes to the policy's interest rate
  - Changes to the policy's cost of insurance(COI) scale
- The formula for calculating Policy Value Credits is guaranteed in the contract.
- John Hancock only has discretion over the current interest rate and the current COI scale. It cannot change the amount of Policy Value Credits applied independently of those two variables.
- Any Policy Value Credits shown on an illustration is conditionally guaranteed based on the illustrated assumptions.

Despite the added sophistication, the key risks for a Protection UL policyholder are similar to those posed by any other current assumption UL policy:

- Interest crediting rates can change
- COI rates can change
- The policyholder's plans can change

To help your clients understand these risks, all Protection UL illustrations include a section that describes the effect of lower crediting rates on policy performance. Also, every Protection UL annual statement includes a "snapshot" projection of how the policy will perform given updated current assumptions. We want you and your clients to understand both the risks and the benefits of Protection UL, and we urge you to take advantage of these resources.

## Protection UL: in a class of its own

The combination of institutional investment expertise with sophisticated product engineering sets Protection UL apart. Its ability to meet customer needs in an innovative way has made it one of the most popular alternatives to GUL in the industry.

For more information, please contact your local John Hancock sales representative or call National Sales Support at **888-266-7498, option 2.**

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Insurance policies and/or associated riders and features may not be available in all states.

The IRR on death benefit is equivalent to an interest rate at which an amount equal to the illustrated premiums could have been invested outside the policy to arrive at the net death benefit of the policy.

Guaranteed product features are dependent upon minimum. Premium requirements and the claims-paying ability of the issuer.

Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116.

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