

March 17, 2026

Interstate Insurance Product Regulation Commission  
1101 K Street, NW  
Suite 650  
Washington, DC 20001

**RE: Individual Deferred Paid-Up Non-Variable Annuity Contract Standards**

Members of the Product Standards Committee:

The American Council of Life Insurers (ACLI) respectfully requests that the following language be added to Section 1.B(1)(g), Section 3.B(1)(c)(i) and Appendix A of the amended version of the *Individual Deferred Paid-Up Non-Variable Annuity Contract Standards*:

*Furthermore, annuitants of annuity contracts that are expected to pay dividends shall be considered a separate class from annuitants of annuity contracts that are not expected to pay dividends.*

Insurers domiciled in certain states are subject to unusual laws that require the insurer to issue only “participating” annuities. For example, Wisconsin requires both fraternal benefit societies and mutual insurance companies to issue only “participating” life insurance policies and annuity contracts, with limited exceptions:

**(1) Authorization.** (a) *Stock insurers.* A stock insurer may issue both participating and nonparticipating life insurance policies and annuity contracts, subject to this section.

(b) *Fraternal and mutual insurers.* A fraternal or mutual insurer issuing life insurance policies may issue only participating policies, except for the following situations in which it may issue nonparticipating policies:

1. Paid-up, temporary, pure endowment insurance and annuity settlements provided in exchange for lapsed, surrendered or matured policies.
2. Annuities beginning within one year of the making of the contract.
3. Such term insurance policies as the commissioner may exempt by rule.
4. Funding agreements authorized under [s. 632.66](#).

**(2) Participation.** Every participating policy shall by its terms make its holder eligible to share annually in the part of the surplus to be distributed as provided in sub. (4)(b).

WI Stat. § 632.62(1)-(2). Under subsection (1)(b) of this statute, a fraternal benefit society or a mutual insurance company would have to issue all its annuities as “participating” (except for immediate annuities, which may be issued as “nonparticipating”). However, while a “participating” annuity is

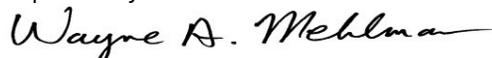
defined in subsection (2) as one that is “eligible” to receive dividends, not all “participating” annuities are “expected to pay dividends”.

Some of our ACLI member companies are subject to these statutory requirements and the removal of language referencing annuities “that are expected to pay dividends” and annuities “that are not expected to pay dividends” from the amended product standards would unduly cause them major problems.

For example, at least one of our member companies offers both a **fully guaranteed** deferred income annuity (which the contract form explicitly states is not expected to pay dividends) and a **dividend-paying** deferred income annuity. While a statute like WI Stat. § 632.62(1)(b) would require both annuities to be labeled as “participating”, clearly, only one of them is “expected to pay dividends”. Thus, in order to allow that insurer to treat owners of those two different types of deferred income annuities as “separate classes” of annuity owners, the distinction cannot be based on whether the annuity is “participating” vs. “nonparticipating”. Rather, the distinction must be based on whether the annuity is “expected to pay dividends” vs. “not expected to pay dividends” (*i.e.*, the language found in the **current** product standards).

Thank you for your consideration. If you have any questions, please feel free to contact me.

Respectfully submitted,



Wayne Mehlman  
Senior Counsel, Insurance Regulation  
[waynemehlman@acli.com](mailto:waynemehlman@acli.com)  
(202) 624-2135

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American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

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The American Council of Life Insurers is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 93 percent of industry assets in the United States.