

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 13F

FORM 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: DECEMBER 31, 2006

Check here if Amendment ; Amendment Number: _____

This Amendment (Check only one.): is a restatement.
 adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: ALLSTATE LIFE INSURANCE COMPANY
Address: 3075 SANDERS ROAD, SUITE G4A
NORTHBROOK, IL. 60062-7127

Form 13F File Number: 28-01037

The institutional manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: JAMES ZILS
Title: VICE PRESIDENT INVESTMENT OPERATIONS
Phone: 847-402-3073

Signature, Place, and Date of Signing:

/s/ JAMES ZILS	NORTHBROOK, IL.	2/13/2007
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[Signature]	[City, State]	[Date]

Report Type (Check only one.):

- 13F HOLDINGS REPORT. (Check here if all holdings of this reporting manager are reported in this report.)
- 13F NOTICE. (Check here if no holdings reported are in this report, and all holdings are reported by other reporting manager(s).)
- 13F COMBINATION REPORT. (Check here if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

List of Other Managers Reporting for this Manager:

FORM 13F SUMMARY PAGE

Report Summary:

Number of Other Included Managers: ONE
Form 13F Information Table Entry Total: 69
Form 13F Information Table Value Total: 371,520 (THOUSAND)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

[If there are no entries in this list, state "NONE" and omit the column headings and list entries.]

No.	Form 13F File Number	Name
1	028-10298	ALLSTATE INVESTMENTS LLC

04/15/2013	DEBT	585055AM8	2,666	2,500,000	PRN	DEFINED	1	X
MERRILL LYNCH & CO 0%								
03/13/2032	DEBT	590188W46	10,614	8,000,000	PRN	DEFINED	1	X
NABORS INDUSTRIES INC 0%								
06/15/2023	DEBT	629568AL0	1,050	1,000,000	PRN	DEFINED	1	X
NEXTEL COMMUNIC	DEBT	65332VAY9	9,592	9,750,000	PRN	DEFINED	1	X
OMNICOM GROUP 0% 07/01/2038	DEBT	681919AT3	8,100	7,500,000	PRN	DEFINED	1	X
RPM INTERNATIONAL INC.								
1.389000% 05/13/2033	DEBT	749685AK9	3,459	5,850,000	PRN	DEFINED	1	X
SCHLUMBERGER LIMITED 2.125000%								
06/01/2023	DEBT	806857AD0	985	600,000	PRN	DEFINED	1	X
SLM CORP 3.110630% 07/25/2035	DEBT	78442PAC0	9,979	10,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN BV .375000%								
11/15/2022	DEBT	88164MAB4	1,444	1,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN BV								
1.750000% 02/01/2026	DEBT	88165FAA0	2,764	3,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN LLC								
.250000% 02/01/2024	DEBT	88164RAB3	2,768	2,700,000	PRN	DEFINED	1	X
TJX COMPANIES INC 0% 02/13/2021	DEBT	872540AL3	7,069	7,500,000	PRN	DEFINED	1	X
TRANSOCEAN INC 1.500000%								
05/15/2021	DEBT	893830AD1	6,136	5,250,000	PRN	DEFINED	1	X
TYCO INTL GROUP SA 3.125000%								
01/15/2023	DEBT	902118BG2	11,047	7,800,000	PRN	DEFINED	1	X
WALT DISNEY COMPANY 2.125000%								
04/15/2023	DEBT	254687AU0	10,935	9,000,000	PRN	DEFINED	1	X
WELLS FARGO COMPANY 4.898750%								
05/01/2033	DEBT	949746FA4	9,531	9,500,000	PRN	DEFINED	1	X
WYETH 2.390000% 01/15/2024	DEBT	983024AD2	13,841	12,750,000	PRN	DEFINED	1	X

"STOCK"		4	18,915	630,000				
DEBT		65	352,605	337,270,000				
REPORT TOTALS		69	371,520	337,900,000				