

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **February 18, 2008**

ALLSTATE LIFE INSURANCE COMPANY

(Exact name of Registrant as Specified in Charter)

Illinois
(State or other
jurisdiction of
organization)

0-31248
(Commission
File Number)

36-2554642
(IRS Employer
Identification No.)

3100 Sanders Road
Northbrook, Illinois **60062**
(Address of Principal Executive Offices) Zip

Registrant's telephone number, including area code: **(847) 402-5000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 — Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

On February 18, 2008, Allstate Insurance Company ("AIC") entered into an Agreement for the Settlement of State and Local Tax Credits with certain of its affiliates, including the Registrant. AIC and one or more of its affiliates may invest in certain programs or arrangements that provide for state or local tax credits or otherwise obtain tax credits that can be legally transferred to such company's affiliates. The agreement facilitates the transfer of such tax credits between affiliates. The agreement is effective for tax returns filed on or after January 1, 2007.

The Registrant is a wholly owned subsidiary of Allstate Insurance Company, a wholly owned subsidiary of The Allstate Corporation.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Agreement for the Settlement of State and Local Tax Credits

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

By: /s/ Mary J. McGinn

Name: Mary J. McGinn

Title: Vice President and
Assistant Secretary

Date: February 21, 2008

**AGREEMENT FOR THE SETTLEMENT OF
STATE AND LOCAL TAX CREDITS**

This Agreement for the Settlement of State and Local Tax Credits (this "Agreement") made as of December 31, 2007 among ALLSTATE INSURANCE COMPANY, an Illinois insurance company ("Allstate"), and those affiliates of Allstate whose signatures appear below.

WHEREAS, from time to time, one company within The Allstate Corporation group of companies may invest in certain programs, offerings or other arrangements that may allow the company to claim a credit against state or local taxes, or a company may "purchase" from third parties the right to claim credits against various state and local taxes (such investments or purchases collectively referred to hereinafter as "Credit Generating Investments," and such credits referred to hereinafter as "Tax Credits");

WHEREAS, in some cases, it may be legally permissible for Tax Credits relating to a particular Credit Generating Investment made by one company to be utilized by a different company within the Allstate group to offset the latter company's tax liability;

WHEREAS, the Allstate Tax Department, taking into account limitations under state and local law as well as the benefit to the Allstate group as a whole, may determine it is appropriate for a company to claim and utilize all or a portion of a Tax Credit relating to a particular Credit Generating Investment even though such company did not make the corresponding Credit Generating Investment;

WHEREAS, the parties hereto desire to institute a formal agreement and mechanism for the intercompany settlement of Tax Credits utilized by one company but related to a Credit Generating Investment made by another company.

NOW, THEREFORE, it is agreed as follows:

1. Within 30 days after the filing of a tax return in which one company utilizes a Tax Credit attributable to a Credit Generating Investment made by another company, the company utilizing the Tax Credit shall pay to the company that made the Credit Generating Investment the amount of the Tax Credit so utilized.
2. All payments due hereunder shall be made in immediately available funds.
3. Absent manifest error, the Tax Department's determination of the amount of Tax Credits utilized by one company attributable to a Credit Generating Investment of another company shall be final.
4. This Agreement shall be effective for tax returns filed on or after January 1, 2007.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective as set forth above.

Allstate County Mutual Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Fire and Casualty Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Floridian Indemnity Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Floridian Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Indemnity Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Life Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Life Insurance Company of New York

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate New Jersey Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

**Allstate New Jersey Property and Casualty
Insurance Company**

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate North American Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Allstate Property and Casualty Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

**Allstate Texas Lloyd's
by Allstate Texas Lloyd's, Inc.
the Attorney-in-Fact**

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

American Heritage Life Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President - Tax

Concord Heritage Life Insurance Company, Inc.

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President - Tax

Deerbrook Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Floridian Indemnity Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Floridian Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Home and Auto Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Indemnity Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Independent Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Insurance Company of America

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Insurance Company of Massachusetts

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Insurance Company of New Jersey

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Property and Casualty Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

Encompass Property and Casualty Insurance Company of New Jersey

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President

First Colonial Insurance Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President - Tax

Lincoln Benefit Life Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President - Tax

Northbrook Indemnity Company

/s/ Karen C. Gardner

Name: Karen C. Gardner

Title: Vice President
