

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): May 1, 2024
THE ALLSTATE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of incorporation)

1-11840
(Commission
File Number)

36-3871531
(IRS Employer
Identification No.)

3100 Sanders Road, Northbrook, Illinois 60062
(Address of principal executive offices) (Zip Code)

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))

Securities registered pursuant to Section 12(b) of the Act:

| | Title of each class | Trading Symbols | Name of each exchange on which registered |
|--|---------------------|-----------------|---|
| Common Stock, par value \$0.01 per share | | ALL | New York Stock Exchange Chicago Stock Exchange |
| 5.100% Fixed-to-Floating Rate Subordinated Debentures due 2053 | | ALL.PR.B | New York Stock Exchange |
| Depository Shares represent 1/1,000th of a share of 5.100% Noncumulative Preferred Stock, Series H | | ALL.PR.H | New York Stock Exchange |
| Depository Shares represent 1/1,000th of a share of 4.750% Noncumulative Preferred Stock, Series I | | ALL.PR.I | New York Stock Exchange |
| Depository Shares represent 1/1,000th of a share of 7.375% Noncumulative Preferred Stock, Series J | | ALL.PR.J | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

The Registrant's press release dated May 1, 2024, announcing its financial results for the first quarter of 2024, and the Registrant's first quarter 2024 investor supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report. The information contained in the press release and the investor supplement are furnished and not filed pursuant to instruction B.2 of Form 8-K.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 99.1 [Registrant's Press Release dated May 1, 2024](#)
- 99.2 [First Quarter 2024 Investor Supplement of The Allstate Corporation](#)
- 104 Cover Page Interactive Data File (formatted as inline XBRL)

SIGNATURES

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.

THE ALLSTATE CORPORATION
(Registrant)

By: /s/ John C. Pintozzi
Name: John C. Pintozzi
Title: Senior Vice President, Controller and Chief Accounting Officer

Date: May 1, 2024



FOR IMMEDIATE RELEASE

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Allstate Reports Broad-Based Profit Improvement

NORTHBROOK, Ill., May 1, 2024 – The Allstate Corporation (NYSE: ALL) today reported financial results for the first quarter of 2024.

| The Allstate Corporation Consolidated Highlights | | | |
|---|------------------------------|-----------|----------------|
| (\$ in millions, except per share data and ratios) | Three months ended March 31, | | |
| | 2024 | 2023 | % / pts Change |
| Consolidated revenues | \$ 15,259 | \$ 13,786 | 10.7 % |
| Net income (loss) applicable to common shareholders | 1,189 | (346) | NM |
| per diluted common share ⁽¹⁾ | 4.46 | (1.31) | NM |
| Adjusted net income (loss)* | 1,367 | (342) | NM |
| per diluted common share* ⁽¹⁾ | 5.13 | (1.30) | NM |
| Return on Allstate common shareholders' equity (trailing twelve months) | | | |
| Net income (loss) applicable to common shareholders | 7.6 % | (13.0)% | 20.6 |
| Adjusted net income (loss)* | 11.3 % | (6.7)% | 18.0 |
| Common shares outstanding (in millions) | 263.9 | 263.1 | 0.3 % |
| Book value per common share | \$ 62.27 | \$ 58.65 | 6.2 % |
| Consolidated premiums written ⁽²⁾ | \$ 14,288 | \$ 12,865 | 11.1 |
| Property-Liability insurance premiums earned | 12,900 | 11,635 | 10.9 |
| Property-Liability combined ratio | | | |
| Recorded | 93.0 | 108.6 | (15.6) |
| Underlying combined ratio* | 86.9 | 93.3 | (6.4) |
| Catastrophe losses | \$ 731 | \$ 1,691 | (56.8)% |
| Total policies in force (in thousands) | 197,326 | 186,726 | 5.7 |

⁽¹⁾ In periods where a net loss or adjusted net loss is reported, weighted average shares for basic earnings per share is used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

⁽²⁾ Includes premiums and contract charges for the Health and Benefits segment.

* Measures used in this release that are not based on accounting principles generally accepted in the United States of America ("non-GAAP") are denoted with an asterisk and defined and reconciled to the most directly comparable GAAP measure in the "Definitions of Non-GAAP Measures" section of this document.

NM = not meaningful

"Allstate's broad-based profitability reflects the benefits of strong operating capabilities, decisive actions to improve shareholder value and lower catastrophe losses," said Tom Wilson, Chair, President and CEO of The Allstate Corporation. "Auto profitability was enhanced as a growing number of states achieved targeted margin levels in the quarter. Industry leading home insurance capabilities, when combined with lower catastrophe losses, further improved profitability. Investment income increased primarily due to higher yields and extension of fixed income maturities over the last 18 months. Revenues reached \$15.3 billion for the quarter, increasing 10.7% compared to the prior year. Net income was \$1.2 billion with adjusted net income* of \$5.13 per diluted common share."

"Allstate's results support accelerated execution of the strategy to increase auto and home insurance market share and broaden protection provided to customers. Attractive auto insurance margins supported a significant increase in

Allstate brand advertising, resulting in greater new business through Allstate agents and direct operations. National General increased policy growth through independent agents. Progress was also made in broadening protection offerings, with Allstate Protection Plans' revenues increasing by over 20% due to an expanded product set and international growth. Allstate's strategy, operational expertise, people, and financial strength will enable us to continue creating value for customers and shareholders," concluded Wilson.

First Quarter 2024 Results

- Total revenues of \$15.3 billion in the first quarter of 2024 increased 10.7%, or \$1.5 billion, compared to the prior year quarter driven by higher average premiums that resulted in a \$1.3 billion increase in Property-Liability earned premium.
- Net income applicable to common shareholders was \$1.2 billion in the first quarter of 2024 compared to a net loss of \$346 million in the prior year quarter, as Property-Liability underwriting results improved. Adjusted net income* was \$1.4 billion, or \$5.13 per diluted share, compared to an adjusted net loss* of \$342 million in the prior year quarter.
- **Property-Liability** earned premiums of \$12.9 billion increased 10.9% in the first quarter of 2024 compared to the prior year quarter, primarily driven by higher average premiums from rate increases. Underwriting income of \$898 million in the quarter increased by \$1.9 billion compared to the prior year quarter, due to increased premiums earned, improved underlying loss experience and lower catastrophe losses.

| Property-Liability Results | | | |
|-----------------------------------|------------------------------|------------|----------------|
| (\$ in millions) | Three months ended March 31, | | |
| | 2024 | 2023 | % / pts Change |
| Premiums earned | \$ 12,900 | \$ 11,635 | 10.9 % |
| Allstate brand | 10,604 | 9,852 | 7.6 |
| National General | 2,296 | 1,783 | 28.8 |
| Premiums written | \$ 13,183 | \$ 11,783 | 11.9 % |
| Allstate brand | 10,509 | 9,705 | 8.3 |
| National General | 2,674 | 2,078 | 28.7 |
| Underwriting income (loss) | \$ 898 | \$ (1,001) | NM |
| Allstate brand | 790 | (972) | NM |
| National General | 110 | (28) | NM |
| Recorded combined ratio | 93.0 | 108.6 | (15.6) |
| Underlying combined ratio* | 86.9 | 93.3 | (6.4) |

- Premiums written of \$13.2 billion increased 11.9% compared to the prior year quarter driven by both the Allstate brand and National General. Allstate brand increased 8.3% primarily due to higher auto and homeowners average premium, partially offset by the impact of profit improvement actions on personal auto and commercial lines policies in force. National General increased 28.7% reflecting higher average premium and policies in force growth.
- Allstate brand underwriting income in the first quarter of 2024 improved to \$790 million compared to a \$972 million loss in the prior year quarter, driven by higher earned premiums, lower catastrophe losses and improved underlying loss experience.
- National General underwriting income of \$110 million in the first quarter of 2024 increased by \$138 million compared to the prior year quarter, reflecting higher earned premiums and a 4.8 point improvement in the expense ratio.
- Property-Liability combined ratio was 93.0 for the quarter. The underlying combined ratio* was 86.9, improving 6.4 points compared to the prior year quarter, due to higher earned premiums, improved underlying loss experience and operating efficiencies.

- **Allstate Protection auto** insurance results reflect execution of a comprehensive plan to restore margins through higher rates, lower expenses, underwriting actions and claims process enhancements. Profitability improvement enabled the further removal of growth restrictions and profitable growth investments have been initiated in a growing number of states within the Allstate brand. National General continues to generate profitable growth through independent agents.

| Allstate Protection Auto Results | | | |
|---|------------------------------|---------------|----------------|
| (\$ in millions, except ratios) | Three months ended March 31, | | |
| | 2024 | 2023 | % / pts Change |
| Premiums earned | \$ 8,778 | \$ 7,908 | 11.0 % |
| Allstate brand | 7,173 | 6,660 | 7.7 |
| National General | 1,605 | 1,248 | 28.6 |
| Premiums written | \$ 9,357 | \$ 8,349 | 12.1 % |
| Allstate brand | 7,399 | 6,826 | 8.4 |
| National General | 1,958 | 1,523 | 28.6 |
| Policies in Force (in thousands) | 25,207 | 25,733 | (2.0)% |
| Allstate brand | 20,038 | 21,142 | (5.2) |
| National General | 5,169 | 4,591 | 12.6 |
| Recorded combined ratio | 96.0 | 104.4 | (8.4) |
| Underlying combined ratio* | 95.1 | 102.6 | (7.5) |

- Earned and written premiums grew 11.0% and 12.1% compared to the prior year quarter, respectively. The increase was driven by higher average premium from rate increases, partially offset by a decline in policies in force.
- Allstate brand auto net written premium was 8.4% higher than the prior year quarter reflecting a 13.4% increase in average gross written premium driven by rate increases, partially offset by a decrease in policies in force. Policies in force decreased 5.2% compared to prior year in the first quarter, improving from a 6.2% decline as of year end 2023. The improvement reflects higher retention and new business levels in rate adequate states as growth restrictions were removed and advertising investment was increased in a growing number of states.
- National General auto net written premiums increased 28.6% compared to the prior year quarter driven by higher average premium and a 12.6% increase in policies in force.
- Allstate brand auto rate increases were implemented in 27 locations in the first quarter at an average of 8.4%, resulting in an annualized total brand premium impact of 2.4% in the quarter. National General auto rate increases were implemented in 27 locations in the first quarter at an average of 9.6%, resulting in an annualized total brand premium impact of 4.1% in the quarter. Rate increases will continue to be implemented in states not yet delivering acceptable returns, and to keep pace with inflationary trends.
- The recorded auto insurance combined ratio of 96.0 in the first quarter of 2024 was 8.4 points lower than the prior year quarter, reflecting higher earned premiums, improved underlying loss experience, favorable prior year reserve reestimates and operating efficiencies.
- Prior year non-catastrophe reserve reestimates were favorable \$67 million in the first quarter, reflecting favorable Allstate brand reserve development, primarily driven by physical damage coverages.
- The underlying combined ratio* of 95.1 improved by 7.5 points compared to the prior year quarter from higher average premium, operating efficiencies and lower accident frequency, partially driven by milder weather conditions in the quarter. These impacts more than offset the increase in current year claims severity.

- **Allstate Protection homeowners** insurance growth reflects higher average premiums and policies in force growth at National General and the Allstate brand. Underwriting income was favorably impacted by lower catastrophe losses and non-catastrophe claim frequency due to the milder weather.

| Allstate Protection Homeowners Results | | | |
|---|------------------------------|----------|----------------|
| (\$ in millions, except ratios) | Three months ended March 31, | | |
| | 2024 | 2023 | % / pts Change |
| Premiums earned | \$ 3,154 | \$ 2,810 | 12.2 % |
| Allstate brand | 2,767 | 2,488 | 11.2 |
| National General | 387 | 322 | 20.2 |
| Premiums written | \$ 2,874 | \$ 2,534 | 13.4 % |
| Allstate brand | 2,517 | 2,210 | 13.9 |
| National General | 357 | 324 | 10.2 |
| Policies in Force (in thousands) | 7,364 | 7,262 | 1.4 % |
| Allstate brand | 6,681 | 6,621 | 0.9 |
| National General | 683 | 641 | 6.6 |
| Recorded combined ratio | 82.1 | 119.0 | (36.9) |
| Catastrophe Losses | \$ 555 | \$ 1,449 | (61.7)% |
| Underlying combined ratio* | 65.5 | 67.6 | (2.1) |

- Earned premiums increased by 12.2% and written premiums increased 13.4% compared to the prior year quarter, primarily reflecting higher average premium and policies in force growth of 1.4%.
- Allstate brand net written premiums increased 13.9% compared to the prior year quarter, primarily driven by implemented rate increases and policies in force growth due to strong new business growth and higher retention.
- National General net written premiums grew 10.2% compared to the prior year quarter due to policies in force growth, driven by the continued rollout of Custom360SM, the new homeowners product offering in the independent agent channel, and higher average premiums from implemented rate increases.
- Allstate brand homeowners implemented rate increases in 15 locations in the first quarter at an average of 11.7%, resulting in an annualized total brand premium impact of 3.4% in the quarter. National General homeowners rate increases were implemented in 12 locations in the first quarter at an average of 14.0%, resulting in an annualized total brand premium impact of 1.6% in the quarter.
- The recorded homeowners insurance combined ratio of 82.1 was 36.9 points below the first quarter of 2023, due to lower catastrophe losses and higher earned premiums.
- Catastrophe losses of \$555 million in the quarter decreased \$894 million compared to the prior year quarter reflecting milder weather conditions and favorable development from events in 2023 and prior years.
- The underlying combined ratio* of 65.5 decreased by 2.1 points compared to the prior year quarter, driven by higher earned premium and favorable non-catastrophe claim frequency from milder weather, partially offset by higher non-catastrophe claim severity.

- **Protection Services** continues to broaden the protection provided to customers largely through embedded distribution programs. Revenues increased to \$753 million in the first quarter of 2024, 12.2% higher than the prior year quarter, primarily due to Allstate Protection Plans. Adjusted net income of \$54 million increased by \$20 million compared to the prior year quarter, driven by Allstate Protection Plans and Allstate Roadside.

| Protection Services Results | | | | |
|--------------------------------------|------------------------------|--------|---------------|--|
| (\$ in millions) | Three months ended March 31, | | | |
| | 2024 | 2023 | % / \$ Change | |
| Total revenues ⁽¹⁾ | \$ 753 | \$ 671 | 12.2 % | |
| Allstate Protection Plans | 464 | 385 | 20.5 | |
| Allstate Dealer Services | 146 | 148 | (1.4) | |
| Allstate Roadside | 66 | 64 | 3.1 | |
| Arity | 39 | 37 | 5.4 | |
| Allstate Identity Protection | 38 | 37 | 2.7 | |
| Adjusted net income (loss) | \$ 54 | \$ 34 | \$ 20 | |
| Allstate Protection Plans | 40 | 28 | 12 | |
| Allstate Dealer Services | 6 | 7 | (1) | |
| Allstate Roadside | 11 | 4 | 7 | |
| Arity | (4) | (4) | — | |
| Allstate Identity Protection | 1 | (1) | 2 | |

⁽¹⁾ Excludes net gains and losses on investments and derivatives.

- **Allstate Protection Plans** revenue of \$464 million increased \$79 million, or 20.5%, compared to the prior year quarter driven by growth from expanded product categories and international business. Adjusted net income of \$40 million in the first quarter of 2024 was \$12 million higher than the prior year quarter, driven by higher revenue coupled with improved claims trends.
- **Allstate Dealer Services** generated revenue of \$146 million through auto dealers, which was 1.4% lower than the first quarter of 2023. Adjusted net income of \$6 million in the first quarter was \$1 million lower than the prior year quarter.
- **Allstate Roadside** revenue of \$66 million in the first quarter of 2024 increased 3.1% compared to the prior year quarter driven by price increases and new business growth. Adjusted net income of \$11 million was \$7 million higher than the prior year quarter, primarily driven by increased pricing, improved provider capacity and lower costs.
- **Arity** revenue of \$39 million increased \$2 million compared to the prior year quarter, primarily due to higher advertising revenue. Adjusted net loss of \$4 million in the first quarter of 2024 was consistent with the prior year quarter.
- **Allstate Identity Protection** revenue of \$38 million in the first quarter of 2024 was 2.7% higher than the prior year quarter due to growth from new and existing clients. Adjusted net income of \$1 million in the first quarter of 2024 compared to a \$1 million loss in the prior year quarter.

- **Allstate Health and Benefits** premiums and contract charges increased 3.2%, or \$15 million, compared to the prior year quarter driven by growth in individual health and group health. Adjusted net income of \$56 million in the first quarter was consistent with the prior year quarter as individual health fee income growth was offset by lower employer voluntary benefits income.

| Allstate Health and Benefits Results | | | |
|--------------------------------------|------------------------------|--------|----------|
| (\$ in millions) | Three months ended March 31, | | |
| | 2024 | 2023 | % Change |
| Premiums and contract charges | \$ 478 | \$ 463 | 3.2 % |
| Employer voluntary benefits | 248 | 255 | (2.7) |
| Group health | 118 | 107 | 10.3 |
| Individual health | 112 | 101 | 10.9 |
| Adjusted net income | \$ 56 | \$ 56 | — |

- **Allstate Investments** \$67.9 billion portfolio generated net investment income of \$764 million in the first quarter of 2024, an increase of \$189 million from the prior year quarter due to higher market-based and performance-based income.

| Allstate Investment Results | | | |
|--|------------------------------|--------------|-----------------|
| (\$ in millions, except ratios) | Three months ended March 31, | | |
| | 2024 | 2023 | \$ / pts Change |
| Net investment income | \$ 764 | \$ 575 | \$ 189 |
| Market-based ⁽¹⁾ | 626 | 507 | 119 |
| Performance-based ⁽¹⁾ | 201 | 126 | 75 |
| Net gains (losses) on investments and derivatives | \$ (164) | \$ 14 | \$ (178) |
| Change in unrealized net capital gains and losses, pre-tax | \$ (273) | \$ 872 | \$ (1,145) |
| Total return on investment portfolio | 0.5 % | 2.4 % | (1.9) |
| Total return on investment portfolio (trailing twelve months) | 4.8 % | 1.2 % | 3.6 |

⁽¹⁾ Investment expenses are not allocated between market-based and performance-based portfolios with the exception of investee level expenses.

- **Total return** on the investment portfolio was 0.5% for the first quarter of 2024 and 4.8% for the latest twelve months.
- **Market-based investment income** was \$626 million in the first quarter of 2024, an increase of \$119 million, or 23.5%, compared to the prior year quarter, reflecting higher yields in the \$50.8 billion fixed income portfolio. Fixed income duration was 4.9 years as of March 31, 2024, 0.1 year above prior year end and 1.5 years higher than year end 2022. Investment portfolio allocations, including fixed income duration and equity risk levels, are informed by expected risk adjusted returns and the enterprise risk and return position.
- **Performance-based investment income** totaled \$201 million in the first quarter of 2024, an increase of \$75 million compared to the prior year quarter, reflecting higher private equity valuation increases. The portfolio allocation to performance-based assets provides a diversifying source of higher long-term returns, and volatility in reported results is expected.
- **Net losses on investments and derivatives** were \$164 million in the first quarter of 2024, compared to gains of \$14 million in the prior year quarter. Net losses in the first quarter of 2024 were driven by a \$123 million valuation allowance established for surplus notes issued by two reciprocal insurers and losses on sales of fixed income securities, partially offset by valuation gains on equity investments.
- **Unrealized net capital losses** were \$1.1 billion or \$273 million adverse to the prior quarter as higher interest rates resulted in lower fixed income valuations.

Proactive Capital Management

"Operating and financial performance in the first quarter demonstrates Allstate's operational excellence and focus on profitability. Financial condition and capital position remain strong with statutory surplus in the insurance companies increasing compared to the prior quarter to \$15.9 billion, and \$3.2 billion of assets held at the holding company. Successfully executing the profit improvement plan, advancing Transformative Growth, proactively investing and expanding Protection Services delivered attractive shareholder returns," said Jess Merten, Chief Financial Officer.

Visit www.allstateinvestors.com for additional information about Allstate's results, including a webcast of its quarterly conference call and the call presentation. The conference call will be at 9 a.m. ET on Thursday, May 2. Financial information, including material announcements about The Allstate Corporation, is routinely posted on www.allstateinvestors.com.

Forward-Looking Statements

This news release contains "forward-looking statements" that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like "plans," "seeks," "expects," "will," "should," "anticipates," "estimates," "intends," "believes," "likely," "targets" and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements may be found in our filings with the U.S. Securities and Exchange Commission, including the "Risk Factors" section in our most recent annual report on Form 10-K. Forward-looking statements are as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(\$ in millions, except par value data)

| | March 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Assets | | |
| Investments | | |
| Fixed income securities, at fair value (amortized cost, net \$51,837 and \$49,649) | \$ 50,777 | \$ 48,865 |
| Equity securities, at fair value (cost \$2,172 and \$2,244) | 2,383 | 2,411 |
| Mortgage loans, net | 815 | 822 |
| Limited partnership interests | 8,562 | 8,380 |
| Short-term, at fair value (amortized cost \$4,320 and \$5,145) | 4,318 | 5,144 |
| Other investments, net | 1,004 | 1,055 |
| Total investments | 67,859 | 66,677 |
| Cash | 850 | 722 |
| Premium installment receivables, net | 10,573 | 10,044 |
| Deferred policy acquisition costs | 5,946 | 5,940 |
| Reinsurance and indemnification recoverables, net | 8,726 | 8,809 |
| Accrued investment income | 567 | 539 |
| Deferred income taxes | 161 | 219 |
| Property and equipment, net | 802 | 859 |
| Goodwill | 3,502 | 3,502 |
| Other assets, net | 6,255 | 6,051 |
| Total assets | \$ 105,241 | \$ 103,362 |
| Liabilities | | |
| Reserve for property and casualty insurance claims and claims expense | \$ 40,143 | \$ 39,858 |
| Reserve for future policy benefits | 1,325 | 1,347 |
| Contractholder funds | 890 | 888 |
| Unearned premiums | 24,945 | 24,709 |
| Claim payments outstanding | 1,491 | 1,353 |
| Other liabilities and accrued expenses | 10,029 | 9,635 |
| Debt | 7,938 | 7,942 |
| Total liabilities | 86,761 | 85,732 |
| Equity | | |
| Preferred stock and additional capital paid-in, \$1 par value, 25 million shares authorized, 82.0 thousand shares issued and outstanding, \$2,050 aggregate liquidation preference | 2,001 | 2,001 |
| Common stock, \$.01 par value, 2.0 billion shares authorized and 900 million issued, 264 million and 262 million shares outstanding | 9 | 9 |
| Additional capital paid-in | 3,894 | 3,854 |
| Retained income | 50,662 | 49,716 |
| Treasury stock, at cost (636 million and 638 million shares) | (37,044) | (37,110) |
| Accumulated other comprehensive income: | | |
| Unrealized net capital gains and losses | (819) | (604) |
| Unrealized foreign currency translation adjustments | (90) | (98) |
| Unamortized pension and other postretirement prior service credit | 12 | 13 |
| Discount rate for reserve for future policy benefits | 14 | (11) |
| Total accumulated other comprehensive loss | (883) | (700) |
| Total Allstate shareholders' equity | 18,639 | 17,770 |
| Noncontrolling interest | (159) | (140) |
| Total equity | 18,480 | 17,630 |
| Total liabilities and equity | \$ 105,241 | \$ 103,362 |

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$ in millions, except per share data)

| | Three months ended March 31, | |
|--|------------------------------|-----------------|
| | 2024 | 2023 |
| Revenues | | |
| Property and casualty insurance premiums | \$ 13,512 | \$ 12,173 |
| Accident and health insurance premiums and contract charges | 478 | 463 |
| Other revenue | 669 | 561 |
| Net investment income | 764 | 575 |
| Net gains (losses) on investments and derivatives | (164) | 14 |
| Total revenues | 15,259 | 13,786 |
| Costs and expenses | | |
| Property and casualty insurance claims and claims expense | 9,501 | 10,326 |
| Accident, health and other policy benefits | 296 | 265 |
| Amortization of deferred policy acquisition costs | 1,939 | 1,744 |
| Operating costs and expenses | 1,885 | 1,716 |
| Pension and other postretirement remeasurement (gains) losses | (2) | (53) |
| Restructuring and related charges | 10 | 27 |
| Amortization of purchased intangibles | 69 | 81 |
| Interest expense | 97 | 86 |
| Total costs and expenses | 13,795 | 14,192 |
| Income (loss) from operations before income tax expense | 1,464 | (406) |
| Income tax expense (benefit) | 266 | (85) |
| Net income (loss) | 1,198 | (321) |
| Less: Net loss attributable to noncontrolling interest | (20) | (1) |
| Net income (loss) attributable to Allstate | 1,218 | (320) |
| Less: Preferred stock dividends | 29 | 26 |
| Net income (loss) applicable to common shareholders | \$ 1,189 | \$ (346) |
| Earnings per common share: | | |
| Net income (loss) applicable to common shareholders per common share - Basic | \$ 4.51 | \$ (1.31) |
| Weighted average common shares - Basic | 263.5 | 263.5 |
| Net income (loss) applicable to common shareholders per common share - Diluted | \$ 4.46 | \$ (1.31) |
| Weighted average common shares - Diluted | 266.5 | 263.5 |

Definitions of Non-GAAP Measures

We believe that investors' understanding of Allstate's performance is enhanced by our disclosure of the following non-GAAP measures. Our methods for calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Adjusted net income is net income (loss) applicable to common shareholders, excluding:

- Net gains and losses on investments and derivatives
- Pension and other postretirement rereasurement gains and losses
- Amortization or impairment of purchased intangibles
- Gain or loss on disposition
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years
- Related income tax expense or benefit of these items

Net income (loss) applicable to common shareholders is the GAAP measure that is most directly comparable to adjusted net income.

We use adjusted net income as an important measure to evaluate our results of operations. We believe that the measure provides investors with a valuable measure of the Company's ongoing performance because it reveals trends in our insurance and financial services business that may be obscured by the net effect of net gains and losses on investments and derivatives, pension and other postretirement rereasurement gains and losses, amortization or impairment of purchased intangibles, gain or loss on disposition and adjustments for other significant non-recurring, infrequent or unusual items and the related tax expense or benefit of these items. Net gains and losses on investments and derivatives, and pension and other postretirement rereasurement gains and losses may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to the insurance underwriting process. Gain or loss on disposition is excluded because it is non-recurring in nature and the amortization or impairment of purchased intangibles is excluded because it relates to the acquisition purchase price and is not indicative of our underlying business results or trends. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, adjusted net income excludes the effect of items that tend to be highly variable from period to period and highlights the results from ongoing operations and the underlying profitability of our business. A byproduct of excluding these items to determine adjusted net income is the transparency and understanding of their significance to net income variability and profitability while recognizing these or similar items may recur in subsequent periods. Adjusted net income is used by management along with the other components of net income (loss) applicable to common shareholders to assess our performance. We use adjusted measures of adjusted net income in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income (loss) applicable to common shareholders, adjusted net income and their components separately and in the aggregate when reviewing and evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize adjusted net income results in their evaluation of our and our industry's financial performance and in their investment decisions, recommendations and communications as it represents a reliable, representative and consistent measurement of the industry and the Company and management's performance. We note that the price to earnings multiple commonly used by insurance investors as a forward-looking valuation technique uses adjusted net income as the denominator. Adjusted net income should not be considered a substitute for net income (loss) applicable to common shareholders and does not reflect the overall profitability of our business.

The following tables reconcile net income (loss) applicable to common shareholders and adjusted net income (loss). Taxes on adjustments to reconcile net income (loss) applicable to common shareholders and adjusted net income (loss) generally use a 21% effective tax rate.

(\$ in millions, except per share data)

| | Three months ended March 31, | | | |
|---|------------------------------|-----------------|--------------------------|------------------|
| | Consolidated | | Per diluted common share | |
| | 2024 | 2023 | 2024 | 2023 |
| Net income (loss) applicable to common shareholders ⁽¹⁾ | \$ 1,189 | \$ (346) | \$ 4.46 | \$ (1.31) |
| Net (gains) losses on investments and derivatives | 164 | (14) | 0.62 | (0.05) |
| Pension and other postretirement rereasurement (gains) losses | (2) | (53) | (0.01) | (0.20) |
| Amortization of purchased intangibles | 69 | 81 | 0.26 | 0.31 |
| (Gain) loss on disposition | (4) | (9) | (0.02) | (0.04) |
| Income tax benefit | (49) | (1) | (0.18) | (0.01) |
| Adjusted net income (loss) * ⁽¹⁾ | \$ 1,367 | \$ (342) | \$ 5.13 | \$ (1.30) |
| Weighted average dilutive potential common shares excluded due to net loss applicable to common shareholders ⁽¹⁾ | | | — | 2.6 |

⁽¹⁾ In periods where a net loss or adjusted net loss is reported, weighted average shares for basic earnings per share is used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

Adjusted net income (loss) return on Allstate common shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net income by the average of Allstate common shareholders' equity at the beginning and at the end of the 12-months, after excluding the effect of unrealized net capital gains and losses. Return on Allstate common shareholders' equity is the most directly comparable GAAP measure. We use adjusted net income as the numerator for the same reasons we use adjusted net income, as discussed previously. We use average Allstate common shareholders' equity excluding the effect of unrealized net capital gains and losses for the denominator as a representation of common shareholders' equity primarily applicable to Allstate's earned and realized business operations because it eliminates the effect of items that are unrealized and vary significantly between periods due to external economic developments such as capital market conditions like changes in equity prices and interest rates, the amount and timing of which are unrelated to the insurance underwriting process. We use it to supplement our evaluation of net income (loss) applicable to common shareholders and return on Allstate common shareholders' equity because it excludes the effect of items that tend to be highly variable from period to period. We believe that this measure is useful to investors and that it provides a valuable tool for investors when considered along with return on Allstate common shareholders' equity because it eliminates the after-tax effects of realized and unrealized net capital gains and losses that can fluctuate significantly from period to period and that are driven by economic developments, the magnitude and timing of which are generally not influenced by management. In addition, it eliminates non-recurring items that are not indicative of our ongoing business or economic trends. A byproduct of excluding the items noted above to determine adjusted net income return on Allstate common shareholders' equity from return on Allstate common shareholders' equity is the transparency and understanding of their significance to return on common shareholders' equity variability and profitability while recognizing these or similar items may recur in subsequent periods. We use adjusted measures of adjusted net income return on Allstate common shareholders' equity in incentive compensation. Therefore, we believe it is useful for investors to have adjusted net income return on Allstate common shareholders' equity and return on Allstate common shareholders' equity when evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize adjusted net income return on common shareholders' equity results in their evaluation of our and our industry's financial performance and in their investment decisions, recommendations and communications as it represents a reliable, representative and consistent measurement of the industry and the company and management's utilization of capital. We also provide it to facilitate a comparison to our long-term adjusted net income return on Allstate common shareholders' equity goal. Adjusted net income return on Allstate common shareholders' equity should not be considered a substitute for return on Allstate common shareholders' equity and does not reflect the overall profitability of our business.

The following tables reconcile return on Allstate common shareholders' equity and adjusted net income (loss) return on Allstate common shareholders' equity.

| (\$ in millions) | For the twelve months ended March 31, | |
|--|---------------------------------------|------------|
| | 2024 | 2023 |
| Return on Allstate common shareholders' equity | | |
| Numerator: | | |
| Net income (loss) applicable to common shareholders | \$ 1,219 | \$ (2,374) |
| Denominator: | | |
| Beginning Allstate common shareholders' equity | \$ 15,524 | \$ 21,105 |
| Ending Allstate common shareholders' equity ⁽¹⁾ | 16,638 | 15,524 |
| Average Allstate common shareholders' equity | \$ 16,081 | \$ 18,315 |
| Return on Allstate common shareholders' equity | 7.6 % | (13.0)% |
| | | |
| Adjusted net income (loss) return on Allstate common shareholders' equity | | |
| Numerator: | | |
| Adjusted net income (loss) * | \$ 1,960 | \$ (1,311) |
| Denominator: | | |
| Beginning Allstate common shareholders' equity | \$ 15,524 | \$ 21,105 |
| Less: Unrealized net capital gains and losses | (1,573) | (996) |
| Adjusted beginning Allstate common shareholders' equity | 17,097 | 22,101 |
| Ending Allstate common shareholders' equity ⁽¹⁾ | 16,638 | 15,524 |
| Less: Unrealized net capital gains and losses | (819) | (1,573) |
| Adjusted ending Allstate common shareholders' equity | 17,457 | 17,097 |
| Average adjusted Allstate common shareholders' equity | \$ 17,277 | \$ 19,599 |
| Adjusted net income (loss) return on Allstate common shareholders' equity * | 11.3 % | (6.7)% |

⁽¹⁾ Excludes equity related to preferred stock of \$2,001 million and \$1,970 million as of March 31, 2024 and 2023, respectively.

Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization or impairment of purchased intangibles ("underlying combined ratio") is a non-GAAP ratio, which is computed as the difference between four GAAP operating ratios: the combined ratio, the effect of catastrophes on the combined ratio, the effect of prior year non-catastrophe reserve reestimates on the combined ratio, and the effect of amortization or impairment of purchased intangibles on the combined ratio. We believe that this ratio is useful to investors, and it is used by management to reveal the trends in our Property-Liability business that may be obscured by catastrophe losses, prior year reserve reestimates and amortization or impairment of purchased intangibles. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves, which could increase or decrease current year net income. Amortization or impairment of purchased intangibles relates to the acquisition purchase price and is not indicative of our underlying insurance business results or trends. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the combined ratio. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.

The following tables reconcile the respective combined ratio to the underlying combined ratio. Underwriting margin is calculated as 100% minus the combined ratio.

Property-Liability

| |
|--|
| Combined ratio |
| Effect of catastrophe losses |
| Effect of prior year non-catastrophe reserve reestimates |
| Effect of amortization of purchased intangibles |
| Underlying combined ratio* |
| Effect of prior year catastrophe reserve reestimates |

| Three months ended March 31, | | |
|------------------------------|-------------|--|
| 2024 | 2023 | |
| 93.0 | 108.6 | |
| (5.7) | (14.5) | |
| (0.1) | (0.3) | |
| (0.3) | (0.5) | |
| <u>86.9</u> | <u>93.3</u> | |
| (1.3) | (0.4) | |

Allstate Protection - Auto Insurance

| |
|--|
| Combined ratio |
| Effect of catastrophe losses |
| Effect of prior year non-catastrophe reserve reestimates |
| Effect of amortization of purchased intangibles |
| Underlying combined ratio* |
| Effect of prior year catastrophe reserve reestimates |

| Three months ended March 31, | | |
|------------------------------|--------------|--|
| 2024 | 2023 | |
| 96.0 | 104.4 | |
| (1.2) | (1.2) | |
| 0.7 | (0.1) | |
| (0.4) | (0.5) | |
| <u>95.1</u> | <u>102.6</u> | |
| (0.1) | (0.4) | |

Allstate Protection - Homeowners Insurance

| |
|--|
| Combined ratio |
| Effect of catastrophe losses |
| Effect of prior year non-catastrophe reserve reestimates |
| Effect of amortization of purchased intangibles |
| Underlying combined ratio* |
| Effect of prior year catastrophe reserve reestimates |

| Three months ended March 31, | | |
|------------------------------|-------------|--|
| 2024 | 2023 | |
| 82.1 | 119.0 | |
| (17.6) | (51.6) | |
| 1.3 | 0.5 | |
| (0.3) | (0.3) | |
| <u>65.5</u> | <u>67.6</u> | |
| (4.7) | (0.2) | |

#####



The Allstate Corporation

**Investor Supplement
First Quarter 2024**

The condensed consolidated financial statements and financial exhibits included herein are unaudited and should be read in conjunction with the consolidated financial statements and notes thereto included in the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

Measures used in these financial statements and exhibits that are not based on generally accepted accounting principles ("non-GAAP") are denoted with an asterisk (*). These measures are defined on the pages "Definitions of Non-GAAP Measures" and are reconciled to the most directly comparable generally accepted accounting principles ("GAAP") measure herein.

The Allstate Corporation
Investor Supplement - First Quarter 2024

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Items included in the glossary are denoted with a caret (^) the first time used.

The Allstate Corporation
Condensed Consolidated Statements of Operations

(In millions, except per share data)

| | Three months ended | | | | |
|---|--------------------|------------------|-------------------|-------------------|-------------------|
| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
| Revenues | | | | | |
| Property and casualty insurance premiums [^] | \$ 13,512 | \$ 13,188 | \$ 12,839 | \$ 12,470 | \$ 12,173 |
| Accident and health insurance premiums and contract charges [^] | 478 | 467 | 463 | 453 | 463 |
| Other revenue [^] | 669 | 650 | 592 | 597 | 561 |
| Net investment income | 764 | 604 | 689 | 610 | 575 |
| Net gains (losses) on investments and derivatives | (164) | (77) | (86) | (151) | 14 |
| Total revenues | <u>15,259</u> | <u>14,832</u> | <u>14,497</u> | <u>13,979</u> | <u>13,786</u> |
| Costs and expenses | | | | | |
| Property and casualty insurance claims and claims expense | 9,501 | 8,780 | 10,237 | 11,727 | 10,326 |
| Accident, health and other policy benefits | 296 | 286 | 262 | 258 | 265 |
| Amortization of deferred policy acquisition costs | 1,939 | 1,904 | 1,841 | 1,789 | 1,744 |
| Operating costs and expenses | 1,885 | 1,864 | 1,771 | 1,786 | 1,716 |
| Pension and other postretirement remeasurement (gains) losses | (2) | (47) | 149 | (40) | (53) |
| Restructuring and related charges | 10 | 28 | 87 | 27 | 27 |
| Amortization of purchased intangibles | 69 | 83 | 83 | 82 | 81 |
| Interest expense | 97 | 107 | 88 | 96 | 95 |
| Total costs and expenses | <u>13,795</u> | <u>13,005</u> | <u>14,518</u> | <u>15,727</u> | <u>14,192</u> |
| Income (loss) from operations before income tax expense | 1,464 | 1,827 | (21) | (1,748) | (406) |
| Income tax expense (benefit) | 266 | 340 | (17) | (373) | (85) |
| Net income (loss) | 1,198 | 1,487 | (4) | (1,375) | (321) |
| Less: Net income (loss) attributable to noncontrolling interest | (20) | (2) | 1 | (23) | (1) |
| Net income (loss) attributable to Allstate | 1,218 | 1,489 | (5) | (1,352) | (320) |
| Less: Preferred stock dividends | 29 | 29 | 36 | 37 | 26 |
| Net income (loss) applicable to common shareholders | <u>\$ 1,189</u> | <u>\$ 1,460</u> | <u>\$ (41)</u> | <u>\$ (1,389)</u> | <u>\$ (346)</u> |
| Earnings per common share | | | | | |
| Net income (loss) applicable to common shareholders per common share - Basic | \$ 4.51 | \$ 5.57 | \$ (0.16) | \$ (5.29) | \$ (1.31) |
| Weighted average common shares - Basic | 263.5 | 262.2 | 261.8 | 262.6 | 263.5 |
| Net income (loss) applicable to common shareholders per common share - Diluted ⁽¹⁾ | \$ 4.46 | \$ 5.52 | \$ (0.16) | \$ (5.29) | \$ (1.31) |
| Weighted average common shares - Diluted ⁽¹⁾ | 266.5 | 264.7 | 261.8 | 262.6 | 263.5 |
| Weighted average dilutive potential common shares excluded due to net loss applicable to common shareholders ⁽¹⁾ | - | - | 1.5 | 1.7 | 2.6 |
| Cash dividends declared per common share | \$ 0.92 | \$ 0.89 | \$ 0.89 | \$ 0.89 | \$ 0.89 |

⁽¹⁾ In periods where a net loss is reported, weighted average shares for basic earnings per share is used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

The Allstate Corporation
Contribution to Income

(In millions, except per share data)

Three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|---|-------------------|------------------|-------------------|-------------------|-------------------|
| Contribution to income | | | | | |
| Net income (loss) applicable to common shareholders | \$ 1,189 | \$ 1,460 | \$ (41) | \$ (1,389) | \$ (346) |
| Net (gains) losses on investments and derivatives | 164 | 77 | 86 | 151 | (14) |
| Pension and other postretirement remeasurement (gains) losses | (2) | (47) | 149 | (40) | (53) |
| Amortization of purchased intangibles | 69 | 83 | 83 | 82 | 81 |
| (Gain) loss on disposition | (4) | (8) | 5 | 8 | (9) |
| Non-recurring costs | - | - | - | 90 ⁽²⁾ | - |
| Income tax benefit | (49) | (24) | (68) | (64) | (1) |
| Adjusted net income (loss) * | \$ 1,367 | \$ 1,541 | \$ 214 | \$ (1,162) | \$ (342) |
| Income per common share - Diluted | | | | | |
| Net income (loss) applicable to common shareholders ⁽¹⁾ | \$ 4.46 | \$ 5.52 | \$ (0.16) | \$ (5.29) | \$ (1.31) |
| Net (gains) losses on investments and derivatives | 0.62 | 0.29 | 0.33 | 0.58 | (0.05) |
| Pension and other postretirement remeasurement (gains) losses | (0.01) | (0.18) | 0.57 | (0.15) | (0.20) |
| Amortization of purchased intangibles | 0.26 | 0.31 | 0.31 | 0.31 | 0.31 |
| (Gain) loss on disposition | (0.02) | (0.03) | 0.02 | 0.03 | (0.04) |
| Non-recurring costs | - | - | - | 0.34 | - |
| Income tax benefit | (0.18) | (0.09) | (0.26) | (0.24) | (0.01) |
| Adjusted net income (loss) *⁽¹⁾ | \$ 5.13 | \$ 5.82 | \$ 0.81 | \$ (4.42) | \$ (1.30) |
| Weighted average common shares - Diluted ⁽¹⁾ | 266.5 | 264.7 | 263.3 | 262.6 | 263.5 |
| Weighted average dilutive potential common shares excluded due to net loss applicable to common shareholders ⁽¹⁾ | - | - | 1.5 | 1.7 | 2.6 |

⁽¹⁾ In periods where a net loss or adjusted net loss is reported, weighted average shares for basic earnings per share is used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

⁽²⁾ Relates to settlement costs for non-recurring litigation that is outside of the ordinary course of business.

The Allstate Corporation
Book Value per Common Share and Debt to Capital

| (\$ in millions, except per share data) | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Book value per common share | | | | | |
| Numerator: | | | | | |
| Allstate common shareholders' equity ⁽¹⁾ | \$ 16,638 | \$ 15,769 | \$ 12,592 | \$ 13,516 | \$ 15,524 |
| Denominator: | | | | | |
| Common shares outstanding and dilutive potential common shares outstanding ⁽²⁾ | 267.2 | 265.5 | 263.5 | 263.5 | 264.7 |
| Book value per common share | \$ 62.27 | \$ 59.39 | \$ 47.79 | \$ 51.29 | \$ 58.65 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities | | | | | |
| Numerator: | | | | | |
| Allstate common shareholders' equity ⁽¹⁾ | \$ 16,638 | \$ 15,769 | \$ 12,592 | \$ 13,516 | \$ 15,524 |
| Less: Unrealized net capital gains and losses on fixed income securities | (813) | (597) | (2,509) | (1,843) | (1,575) |
| Adjusted Allstate common shareholders' equity | \$ 17,451 | \$ 16,366 | \$ 15,101 | \$ 15,359 | \$ 17,099 |
| Denominator: | | | | | |
| Common shares outstanding and dilutive potential common shares outstanding ⁽²⁾ | 267.2 | 265.5 | 263.5 | 263.5 | 264.7 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities * | \$ 65.31 | \$ 61.64 | \$ 57.31 | \$ 58.29 | \$ 64.60 |
| Total debt | \$ 7,938 | \$ 7,942 | \$ 7,946 | \$ 7,949 | \$ 8,452 |
| Total capital resources | \$ 26,577 | \$ 25,712 | \$ 22,539 | \$ 23,466 | \$ 25,946 |
| Ratio of debt to Allstate shareholders' equity | 42.6% | 44.7% | 54.5% | 51.2% | 48.3% |
| Ratio of debt to capital resources | 29.9% | 30.9% | 35.3% | 33.9% | 32.6% |

⁽¹⁾ Excludes equity related to preferred stock of \$2,001 million as of March 31, 2024, December 31, 2023, September 30, 2023 and June 30, 2023 and \$1,970 million as of March 31, 2023.

⁽²⁾ Common shares outstanding were 263,876,180 and 262,496,775 as of March 31, 2024 and December 31, 2023, respectively.

The Allstate Corporation
Return on Allstate Common Shareholders' Equity

(\$ in millions)

| | Twelve months ended | | | | |
|--|---------------------|------------------|-------------------|------------------|-------------------|
| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
| Return on Allstate common shareholders' equity | | | | | |
| Numerator: | | | | | |
| Net income (loss) applicable to common shareholders ⁽¹⁾ | \$ 1,219 | \$ (316) | \$ (2,079) | \$ (2,723) | \$ (2,374) |
| Denominator: | | | | | |
| Beginning Allstate common shareholders' equity | \$ 15,524 | \$ 15,518 | \$ 15,713 | \$ 18,094 | \$ 21,105 |
| Ending Allstate common shareholders' equity ⁽²⁾ | 16,638 | 15,769 | 12,592 | 13,516 | 15,524 |
| Average Allstate common shareholders' equity ^A | \$ 16,081 | \$ 15,644 | \$ 14,153 | \$ 15,805 | \$ 18,315 |
| Return on Allstate common shareholders' equity | 7.6 % | (2.0) % | (14.7) % | (17.2) % | (13.0) % |
| Adjusted net income (loss) return on Allstate common shareholders' equity | | | | | |
| Numerator: | | | | | |
| Adjusted net income (loss) ^{* (1)} | \$ 1,960 | \$ 251 | \$ (1,641) | \$ (2,266) | \$ (1,311) |
| Denominator: | | | | | |
| Beginning Allstate common shareholders' equity | \$ 15,524 | \$ 15,518 | \$ 15,713 | \$ 18,094 | \$ 21,105 |
| Less: Unrealized net capital gains and losses | (1,573) | (2,255) | (2,929) | (2,140) | (996) |
| Adjusted beginning Allstate common shareholders' equity | 17,097 | 17,773 | 18,642 | 20,234 | 22,101 |
| Ending Allstate common shareholders' equity ⁽²⁾ | 16,638 | 15,769 | 12,592 | 13,516 | 15,524 |
| Less: Unrealized net capital gains and losses | (819) | (604) | (2,512) | (1,845) | (1,573) |
| Adjusted ending Allstate common shareholders' equity | 17,457 | 16,373 | 15,104 | 15,361 | 17,097 |
| Average adjusted Allstate common shareholders' equity ^A | \$ 17,277 | \$ 17,073 | \$ 16,873 | \$ 17,798 | \$ 19,599 |
| Adjusted net income (loss) return on Allstate common shareholders' equity [*] | 11.3 % | 1.5 % | (9.7) % | (12.7) % | (6.7) % |

⁽¹⁾ Net income (loss) applicable to common shareholders and adjusted net income (loss) reflect a trailing twelve-month period.

⁽²⁾ Excludes equity related to preferred stock of \$2,001 million as of March 31, 2024, December 31, 2023, September 30, 2023 and June 30, 2023 and \$1,970 million as of March 31, 2023.

**The Allstate Corporation
Policies in Force**

| Policies in force statistics (in thousands) ⁽¹⁾ | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Allstate Protection | | | | | |
| Auto | 25,207 | 25,283 | 25,376 | 25,520 | 25,733 |
| Homeowners | 7,364 | 7,338 | 7,297 | 7,268 | 7,262 |
| Other personal lines | 4,849 | 4,863 | 4,884 | 4,890 | 4,913 |
| Commercial lines | 273 | 284 | 296 | 307 | 307 |
| Total | <u>37,693</u> | <u>37,768</u> | <u>37,853</u> | <u>37,985</u> | <u>38,215</u> |
| Allstate brand | | | | | |
| Auto | 20,038 | 20,326 | 20,546 | 20,821 | 21,142 |
| Homeowners | 6,681 | 6,652 | 6,627 | 6,614 | 6,621 |
| National General | | | | | |
| Auto | 5,169 | 4,957 | 4,830 | 4,699 | 4,591 |
| Homeowners | 683 | 686 | 670 | 654 | 641 |
| Protection Services | | | | | |
| Allstate Protection Plans | 148,086 | 145,292 | 140,648 | 138,172 | 136,591 |
| Allstate Dealer Services | 3,758 | 3,776 | 3,813 | 3,825 | 3,839 |
| Allstate Roadside | 565 | 553 | 554 | 545 | 536 |
| Allstate Identity Protection | 3,031 | 2,884 | 2,965 | 3,222 | 3,206 |
| Total | <u>155,440</u> | <u>152,505</u> | <u>147,980</u> | <u>145,764</u> | <u>144,172</u> |
| Allstate Health and Benefits | 4,193 | 4,143 | 4,256 | 4,273 | 4,339 |
| Total policies in force | <u><u>197,326</u></u> | <u><u>194,416</u></u> | <u><u>190,089</u></u> | <u><u>188,022</u></u> | <u><u>186,726</u></u> |

⁽¹⁾ Policy counts are based on items rather than customers.

- A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy.
- PIF does not reflect banking relationships for our lender-placed insurance products to customers including fire, home and flood products, as well as collateral protection insurance and guaranteed asset protection products for automobiles.
- Commercial lines PIF for shared economy agreements reflect contracts that cover multiple drivers as opposed to individual drivers.
- Allstate Roadside reflects memberships in force and do not include their wholesale partners as the customer relationship is managed by the wholesale partner.
- Allstate Dealer Services reflects service contracts and other products sold in conjunction with auto lending and vehicle sales transactions and do not include their third party administrators ("TPAs") as the customer relationship is managed by the TPAs.
- Allstate Protection Plans represents active consumer product protection plans.
- Allstate Identity Protection reflects individual customer counts for identity protection products.
- Allstate Health and Benefits reflects certificate counts as opposed to group counts.

The Allstate Corporation
Property-Liability Results

(\$ in millions, except ratios)

| | Three months ended | | | | March 31, 2022 |
|--|--------------------|------------------|-------------------|------------------|-------------------|
| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | |
| Premiums written | \$ 13,583 | \$ 12,640 | \$ 13,304 | \$ 12,800 | \$ 11,783 |
| (Increase) decrease in unearned premiums | (237) | (42) | (1,082) | (753) | (127) |
| Other | (46) | 3 | 48 | 54 | (21) |
| Premiums earned | 12,900 | 12,601 | 12,270 | 11,921 | 11,635 |
| Other revenue | 430 | 410 | 393 | 399 | 353 |
| Claims and claims expense | (9,249) | (8,621) | (10,077) | (11,515) | (10,188) |
| Amortization of deferred policy acquisition costs | (1,608) | (1,589) | (1,533) | (1,496) | (1,452) |
| Operating costs and expenses | (1,417) | (1,394) | (1,333) | (1,249) | (1,279) |
| Restructuring and related charges | (7) | (23) | (74) | (28) | (21) |
| Amortization of purchased intangibles | (51) | (60) | (60) | (58) | (57) |
| Underwriting income (loss) | \$ 898 | \$ 1,325 | \$ (414) | \$ (2,084) | \$ (1,001) |
| Catastrophe losses | \$ (731) | \$ (68) | \$ (1,181) | \$ (2,696) | \$ (1,691) |
| Claims expense excluding catastrophe expense ^a | (696) | (735) | (707) | (687) | (670) |
| Operating ratios and reconciliations to underlying ratios | | | | | |
| Loss ratio | 72.4 | 68.4 | 82.2 | 97.1 | 87.5 |
| Effect of catastrophe losses | (5.7) | (0.5) | (9.6) | (22.6) | (14.5) |
| Effect of non-catastrophe prior year reserve reestimates | (0.1) | (1.5) | (1.4) | (1.5) | (0.3) |
| Underlying loss ratio ^a | 66.6 | 66.3 | 71.2 | 72.9 | 72.7 |
| Expense ratio ^a | 20.6 | 21.1 | 21.2 | 20.5 | 21.1 |
| Effect of amortization of purchased intangibles | (0.3) | (0.5) | (0.5) | (0.5) | (0.5) |
| Underlying expense ratio ^a | 20.3 | 20.6 | 20.7 | 20.0 | 20.6 |
| Effect of advertising expense | (2.2) | (1.5) | (1.4) | (0.9) | (1.3) |
| Effect of restructuring and related charges | (0.1) | (0.2) | (0.6) | (0.2) | (0.2) |
| Adjusted underlying expense ratio ^a | 18.0 | 18.9 | 18.7 | 18.8 | 18.1 |
| Claims expense ratio excluding catastrophe expense ^a | 5.4 | 5.8 | 5.8 | 5.8 | 5.8 |
| Adjusted expense ratio ^a | 23.4 | 24.7 | 24.5 | 24.7 | 24.9 |
| Combined ratio | 93.0 | 89.5 | 103.4 | 117.6 | 108.6 |
| Effect of catastrophe losses | (5.7) | (0.5) | (9.6) | (22.6) | (14.5) |
| Effect of non-catastrophe prior year reserve reestimates | (0.1) | (1.6) | (1.4) | (1.6) | (0.3) |
| Effect of amortization of purchased intangibles | (0.3) | (0.5) | (0.5) | (0.5) | (0.5) |
| Underlying combined ratio ^a | 66.9 | 66.7 | 61.9 | 62.6 | 63.3 |
| Effect of Run-off Property-Liability on combined ratio | - | 0.1 | 0.7 | 0.1 | - |
| ⁽¹⁾ Underwriting income (loss) | | | | | |
| Allstate brand | \$ 790 | \$ 1,326 | \$ (188) | \$ (1,847) | \$ (672) |
| National General | 110 | 3 | (167) | (248) | (26) |
| Answer Financial | 3 | 2 | 4 | 3 | 2 |
| Total underwriting income (loss) for Allstate Protection | 903 | 1,331 | (311) | (2,082) | (998) |
| Run-off Property-Liability | (5) | (6) | (63) | (2) | (3) |
| Total underwriting income (loss) for Property-Liability | \$ 898 | \$ 1,325 | \$ (414) | \$ (2,084) | \$ (1,001) |
| Other financial information | | | | | |
| Net investment income | \$ 702 | \$ 538 | \$ 627 | \$ 544 | \$ 509 |
| Income tax (expense) benefit on operations | (308) | (343) | (43) | 320 | 91 |
| Net income (loss) attributable to noncontrolling interest, after-tax | (20) | (2) | 2 | (23) | (1) |
| Amortization of purchased intangibles | (51) | (60) | (60) | (58) | (57) |

The Allstate Corporation
Allstate Protection Profitability Measures

(\$ in millions, except ratios)

Three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|--|-------------------|------------------|-------------------|-------------------|-------------------|
| Premiums written | | | | | |
| Auto | \$ 9,357 | \$ 8,570 | \$ 8,770 | \$ 8,269 | \$ 8,349 |
| Homeowners | 2,874 | 3,144 | 3,525 | 3,381 | 2,534 |
| Other personal lines | 660 | 620 | 676 | 675 | 548 |
| Commercial lines | 157 | 153 | 140 | 200 | 227 |
| Other business lines ¹ | 135 | 153 | 193 | 95 | 125 |
| Total | \$ 13,183 | \$ 12,640 | \$ 13,304 | \$ 12,620 | \$ 11,783 |
| Net premiums earned | | | | | |
| Auto | \$ 8,778 | \$ 8,566 | \$ 8,345 | \$ 8,121 | \$ 7,908 |
| Homeowners | 3,154 | 3,077 | 2,969 | 2,883 | 2,810 |
| Other personal lines | 659 | 630 | 608 | 587 | 562 |
| Commercial lines | 169 | 183 | 194 | 202 | 232 |
| Other business lines | 140 | 145 | 154 | 128 | 123 |
| Total | \$ 12,900 | \$ 12,601 | \$ 12,270 | \$ 11,921 | \$ 11,635 |
| Underwriting income (loss) | | | | | |
| Auto | \$ 351 | \$ 83 | \$ (178) | \$ (678) | \$ (345) |
| Homeowners | 584 | 1,169 | (131) | (1,307) | (534) |
| Other personal lines | 7 | 114 | 6 | (70) | (89) |
| Commercial lines | (70) | (84) | (60) | (61) | (60) |
| Other business lines | 48 | 37 | 28 | 21 | 29 |
| Answer Financial | 3 | 2 | 4 | 3 | 2 |
| Total | \$ 903 | \$ 1,331 | \$ (331) | \$ (2,092) | \$ (998) |
| Claims expense excluding catastrophe expense | \$ 695 | \$ 733 | \$ 703 | \$ 685 | \$ 668 |
| Operating ratios and reconciliations to underlying ratios | | | | | |
| Loss ratio | 72.4 | 68.3 | 81.5 | 97.0 | 87.5 |
| Effect of catastrophe losses | (5.7) | (0.5) | (6.6) | (22.6) | (14.5) |
| Effect of non-catastrophe prior year reserve reestimates | (0.1) | (1.5) | (0.7) | (1.5) | (0.3) |
| Underlying loss ratio ² | 66.6 | 66.3 | 71.2 | 72.9 | 72.7 |
| Expense ratio | 20.6 | 21.1 | 21.2 | 20.5 | 21.1 |
| Effect of amortization of purchased intangibles | (0.3) | (0.5) | (0.5) | (0.5) | (0.5) |
| Underlying expense ratio ³ | 20.3 | 20.6 | 20.7 | 20.0 | 20.6 |
| Effect of advertising expense | (2.2) | (1.5) | (1.4) | (0.9) | (1.3) |
| Effect of restructuring and related charges | (0.1) | (0.2) | (0.6) | (0.2) | (0.2) |
| Adjusted underwriting expense ratio ⁴ | 18.0 | 18.9 | 18.7 | 18.9 | 19.1 |
| Combined ratio | 93.0 | 89.4 | 102.7 | 117.5 | 108.6 |
| Underlying combined ratio ⁵ | 86.9 | 86.9 | 91.9 | 92.9 | 93.3 |
| Claims expense ratio excluding catastrophe expense | 5.4 | 5.8 | 5.7 | 5.7 | 5.7 |

The Allstate Corporation
Allstate Protection Impact of Net Rate Changes Implemented on Premiums Written

| | Three months ended March 31, 2024 | | | Three months ended December 31, 2023 | | |
|---------------------------|--|------------------------------------|---|---|--------------------------------|--------------------------|
| | Number of locations ⁽¹⁾ | Total brand (%) ^{(2),(3)} | Location specific (%) ⁽⁴⁾ | Number of locations | Total brand (%) ⁽³⁾ | Location specific (%) |
| Allstate brand | | | | | | |
| Auto | 27 | 2.4 | 8.4 | 33 | 6.9 | 13.5 |
| Homeowners ⁽⁵⁾ | 15 | 3.4 | 11.7 | 20 | 1.8 | 9.0 |
| National General | | | | | | |
| Auto | 27 | 4.1 | 9.6 | 39 | 4.0 | 10.2 |
| Homeowners ⁽⁵⁾ | 12 | 1.6 | 14.0 | 17 | 4.5 | 18.5 |
| | | | | | | |
| | Three months ended September 30, 2023 | | | Three months ended June 30, 2023 | | |
| | Number of locations | Total brand (%) ⁽³⁾ | Location specific (%) | Number of locations | Total brand (%) ⁽³⁾ | Location specific (%) |
| Allstate brand | | | | | | |
| Auto | 25 | 2.0 | 5.9 | 34 | 5.8 | 10.0 |
| Homeowners ⁽⁵⁾ | 12 | 2.1 | 6.5 | 20 | 2.5 | 12.3 |
| National General | | | | | | |
| Auto | 33 | 3.3 | 6.2 | 27 | 3.6 | 13.9 |
| Homeowners ⁽⁵⁾ | 11 | 1.2 | 17.6 | 10 | 3.8 | 23.5 |

⁽¹⁾ Refers to the number of U.S. states, the District of Columbia or Canadian provinces where rate changes have been implemented. Allstate brand operates in 50 states, the District of Columbia, and 5 Canadian provinces. National General operates in 50 states and the District of Columbia.

⁽²⁾ Represents the impact in the locations where rate changes were implemented during the period as a percentage of total brand prior year-end premiums written.

⁽³⁾ Total Allstate brand implemented auto insurance rate increases totaled \$685 million in the first quarter of 2024, after implementing \$1.81 billion, \$517 million and \$1.49 billion of rate increases in the fourth, third and second quarters of 2023, respectively.

⁽⁴⁾ Represents the impact in the locations where rate changes were implemented during the period as a percentage of its respective total prior year-end premiums written in those same locations.

⁽⁵⁾ Excludes the impact to average premium from inflation in insured home replacement costs and other aging factor adjustments.

The Allstate Corporation
Auto Profitability Measures and Statistics

(\$ in millions, except ratios)

Three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate Protection | | | | | |
| Premiums written | \$ 9,307 | \$ 8,570 | \$ 8,770 | \$ 8,269 | \$ 8,349 |
| Net premiums earned | 8,778 | 8,566 | 8,345 | 8,121 | 7,968 |
| Underwriting income (loss) | 251 | 93 | (178) | (878) | (348) |
| Operating ratios and reconciliations to underlying ratios | | | | | |
| Loss ratio | | | | | |
| Loss ratio | 75.4 | 78.5 | 81.4 | 87.8 | 83.4 |
| Effect of catastrophe losses | (1.2) | (0.3) | (2.4) | (4.2) | (1.2) |
| Effect of non-catastrophe prior year reserve reinstates ("PYRR") | 0.7 | (1.7) | (0.3) | (1.4) | (0.1) |
| Underlying loss ratio⁽¹⁾ | 75.9 | 76.5 | 78.5 | 82.3 | 82.1 |
| Expense ratio | | | | | |
| Expense ratio | 20.6 | 20.4 | 20.7 | 20.4 | 21.0 |
| Effect of amortization of purchased intangibles | (0.4) | (0.5) | (0.4) | (0.5) | (0.5) |
| Underlying expense ratio⁽¹⁾ | 20.2 | 19.9 | 20.3 | 19.9 | 20.5 |
| Combined ratio | | | | | |
| Combined ratio | 96.0 | 98.9 | 102.1 | 108.3 | 104.4 |
| Effect of catastrophe losses | (1.2) | (0.3) | (2.4) | (4.2) | (1.2) |
| Effect of non-catastrophe PYRR | 0.7 | (1.7) | (0.3) | (1.4) | (0.1) |
| Effect of amortization of purchased intangibles ("APIA") | (0.4) | (0.5) | (0.4) | (0.5) | (0.5) |
| Underlying combined ratio⁽¹⁾ | 95.1 | 96.4 | 98.8 | 102.2 | 102.2 |
| Annualized average earned premium ⁽¹⁾ (\$) | 1,393 | 1,355 | 1,315 | 1,273 | 1,229 |
| New issued applications (in thousands) ⁽¹⁾ | 1,670 | 1,398 | 1,505 | 1,478 | 1,534 |
| Allstate Bond | | | | | |
| Premiums written | \$ 7,399 | \$ 7,041 | \$ 7,206 | \$ 6,821 | \$ 6,826 |
| Net premiums earned | 7,173 | 7,042 | 6,910 | 6,772 | 6,660 |
| Underwriting income (loss) | 251 | 124 | (78) | (546) | (332) |
| Loss ratio | | | | | |
| Loss ratio | 75.5 | 77.5 | 80.3 | 87.7 | 84.3 |
| Effect of catastrophe losses and non-catastrophe PYRR | (0.2) | (1.0) | (1.3) | (1.5) | (0.0) |
| Underlying loss ratio⁽¹⁾ | 75.3 | 75.6 | 78.6 | 83.2 | 83.7 |
| Combined ratio | | | | | |
| Combined ratio | 96.4 | 98.2 | 101.1 | 108.1 | 105.0 |
| Effect of catastrophe losses, non-catastrophe PYRR and APIA | (0.4) | (2.1) | (1.0) | (4.7) | (0.9) |
| Underlying combined ratio⁽¹⁾ | 95.5 | 95.1 | 99.2 | 103.4 | 102.2 |
| Average premium - gross written ⁽¹⁾ (\$) | 823 | 794 | 772 | 737 | 726 |
| Annualized average earned premium (\$) | 1,432 | 1,366 | 1,345 | 1,301 | 1,260 |
| Annualized average earned premium ⁽¹⁾ (% change year-over-year) | 13.7 | 14.6 | 14.6 | 14.3 | 13.9 |
| Average underlying loss (incurred pure premium) ⁽¹⁾ (\$) | 1,078 | 1,048 | 1,027 | 1,002 | 1,005 |
| Average underlying loss (incurred pure premium) ⁽¹⁾ (% change year-over-year) | 2.2 | (2.8) | 7.7 | 17.5 | 26.5 |
| Average underlying loss (incurred pure premium) and expense ⁽¹⁾ (\$) | 1,375 | 1,332 | 1,335 | 1,345 | 1,313 |
| Renewal ratio ⁽¹⁾ (%) | 88.0 | 85.4 | 84.9 | 85.5 | 85.7 |
| National General | | | | | |
| Premiums written | \$ 1,958 | \$ 1,529 | \$ 1,564 | \$ 1,448 | \$ 1,323 |
| Net premiums earned | 1,605 | 1,524 | 1,430 | 1,349 | 1,248 |
| Underwriting income (loss) | 90 | (31) | (103) | (132) | (14) |
| Combined ratio | | | | | |
| Combined ratio | 94.4 | 102.0 | 107.2 | 109.8 | 101.1 |
| Effect of catastrophe losses, non-catastrophe PYRR and APIA ⁽¹⁾ | (2.1) | (4.2) | (10.6) | (13.7) | (7.1) |
| Underlying combined ratio⁽¹⁾ | 91.3 | 97.8 | 96.6 | 96.1 | 94.0 |

⁽¹⁾ Includes 1.3 points and 2.4 points in the first quarter of 2024 and 2023, respectively, related to the effect of amortization of purchased intangibles.

The Allstate Corporation
Homeowners Profitability Measures and Statistics

(\$ in millions, except ratios)

Three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate Protection | | | | | |
| Premiums written | \$ 2,874 | \$ 3,144 | \$ 3,525 | \$ 3,381 | \$ 2,534 |
| Net premiums earned | 3,154 | 3,077 | 2,969 | 2,883 | 2,810 |
| Underwriting income (loss) | 564 | 1,169 | (131) | (1,307) | (534) |
| Operating ratios and reconciliations to underlying ratios | | | | | |
| Loss ratio | 60.3 | 39.4 | 82.4 | 125.0 | 98.5 |
| Effect of catastrophe losses | (17.6) | (0.7) | (29.6) | (75.9) | (51.6) |
| Effect of non-catastrophe prior year reserve reestimates ("PYRR") | 1.3 | 0.3 | (1.5) | (1.4) | 0.5 |
| Underlying loss ratio * | <u>44.0</u> | <u>39.0</u> | <u>51.3</u> | <u>47.7</u> | <u>47.4</u> |
| Expense ratio | 21.8 | 22.6 | 22.0 | 20.3 | 20.5 |
| Effect of amortization of purchased intangibles | (0.3) | (0.3) | (0.4) | (0.4) | (0.3) |
| Underlying expense ratio * | <u>21.5</u> | <u>22.3</u> | <u>21.6</u> | <u>19.9</u> | <u>20.2</u> |
| Combined ratio | 82.1 | 62.0 | 104.4 | 145.3 | 119.0 |
| Effect of catastrophe losses | (17.6) | (0.7) | (29.6) | (75.9) | (51.6) |
| Effect of non-catastrophe PYRR | 1.3 | 0.3 | (1.5) | (1.4) | 0.5 |
| Effect of amortization of purchased intangibles ("APIA") | (0.3) | (0.3) | (0.4) | (0.4) | (0.3) |
| Underlying combined ratio * | <u>65.5</u> | <u>61.3</u> | <u>72.9</u> | <u>67.6</u> | <u>67.6</u> |
| Allstate brand | | | | | |
| Premiums written | \$ 2,517 | \$ 2,753 | \$ 3,118 | \$ 2,937 | \$ 2,210 |
| Net premiums earned | 2,767 | 2,695 | 2,613 | 2,537 | 2,488 |
| Underwriting income (loss) | 568 | 1,148 | (69) | (1,195) | (508) |
| Combined ratio | 79.5 | 57.4 | 102.6 | 147.1 | 120.4 |
| Effect of catastrophe losses, non-catastrophe PYRR and APIA | (15.2) | 1.3 | (30.9) | (79.9) | (54.5) |
| Underlying combined ratio * | <u>64.3</u> | <u>58.7</u> | <u>71.7</u> | <u>67.2</u> | <u>65.9</u> |
| Average premium - gross written (\$) | 1,912 | 1,872 | 1,851 | 1,800 | 1,706 |
| Renewal ratio (%) | 87.1 | 87.2 | 86.8 | 86.3 | 86.3 |
| National General | | | | | |
| Premiums written | \$ 357 | \$ 391 | \$ 407 | \$ 444 | \$ 324 |
| Net premiums earned | 387 | 382 | 396 | 346 | 322 |
| Underwriting income (loss) | (4) | 21 | (62) | (112) | (26) |
| Combined ratio | 101.0 | 94.5 | 117.4 | 132.4 | 108.1 |
| Effect of catastrophe losses, non-catastrophe PYRR and APIA ⁽¹⁾ | (26.8) | (14.9) | (35.7) | (61.9) | (27.4) |
| Underlying combined ratio * | <u>74.2</u> | <u>79.6</u> | <u>81.7</u> | <u>70.5</u> | <u>80.7</u> |

⁽¹⁾ Includes 0.7 points and 1.3 points in the first quarter of 2024 and 2023, respectively, related to the effect of amortization of purchased intangibles.

The Allstate Corporation
Protection Services Segment Results

(\$ in millions)

| | Three months ended | | | | |
|--|--------------------|------------------|-------------------|------------------|-------------------|
| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
| Protection Services | | | | | |
| Net premiums written | \$ 627 | \$ 728 | \$ 658 | \$ 658 | \$ 619 |
| Premiums earned | \$ 612 | \$ 587 | \$ 569 | \$ 549 | \$ 538 |
| Other revenue | 85 | 76 | 75 | 84 | 84 |
| Intersegment insurance premiums and service fees | 35 | 36 | 34 | 35 | 33 |
| Net investment income | 21 | 20 | 19 | 18 | 16 |
| Claims and claims expense | (156) | (160) | (166) | (153) | (153) |
| Amortization of deferred policy acquisition costs | (269) | (279) | (269) | (259) | (251) |
| Operating costs and expenses | (234) | (225) | (225) | (218) | (221) |
| Restructuring and related charges | (1) | (2) | (3) | - | (1) |
| Income tax (expense) benefit on operations | (17) | (49) | (8) | (15) | (11) |
| Less: net income (loss) attributable to noncontrolling interest | - | - | (1) | - | - |
| Adjusted net income ⁽¹⁾ | 54 | 4 | 27 | 41 | 34 |
| Depreciation | 6 | 6 | 6 | 6 | 6 |
| Restructuring and related charges | 1 | 2 | 3 | - | 1 |
| Income tax expense (benefit) on operations | 17 | 49 | 8 | 15 | 11 |
| Adjusted earnings before taxes, depreciation and restructuring * | \$ 78 | \$ 61 | \$ 44 | \$ 62 | \$ 52 |
| Allstate Protection Plans | | | | | |
| Net premiums written | \$ 470 | \$ 578 | \$ 487 | \$ 481 | \$ 439 |
| Premiums earned | \$ 439 | \$ 414 | \$ 392 | \$ 373 | \$ 361 |
| Revenue ⁽¹⁾ | 404 | 439 | 416 | 399 | 385 |
| Claims and claims expense | (114) | (113) | (116) | (106) | (105) |
| Amortization of deferred policy acquisition costs | (180) | (170) | (159) | (148) | (141) |
| Other costs and expenses ⁽¹⁾ | (117) | (113) | (114) | (103) | (103) |
| Restructuring and related charges | (3) | - | (1) | - | - |
| Income tax (expense) benefit on operations | (12) | (5) | (7) | (11) | (8) |
| Less: net income (loss) attributable to noncontrolling interest | - | - | (1) | - | - |
| Adjusted net income | \$ 40 | \$ 38 | \$ 20 | \$ 31 | \$ 28 |
| Allstate Dealer Services | | | | | |
| Revenue | \$ 146 | \$ 146 | \$ 146 | \$ 148 | \$ 148 |
| Adjusted net income (loss) | 6 | (33) | 5 | 6 | 7 |
| Allstate Roadside | | | | | |
| Revenue | \$ 66 | \$ 66 | \$ 69 | \$ 66 | \$ 64 |
| Adjusted net income | 11 | 7 | 7 | 6 | 4 |
| Arity | | | | | |
| Revenue | \$ 39 | \$ 32 | \$ 29 | \$ 35 | \$ 37 |
| Adjusted net loss | (4) | (5) | (6) | (3) | (4) |
| Allstate Identity Protection | | | | | |
| Revenue | \$ 38 | \$ 36 | \$ 37 | \$ 38 | \$ 37 |
| Adjusted net income (loss) | 1 | (3) | 1 | 1 | (1) |

⁽¹⁾ Adjusted net income is the GAAP segment measure.

The Allstate Corporation
Allstate Health and Benefits Segment Results and Other Statistics

(\$ in millions)

Three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate Health and Benefits | | | | | |
| Accident and health insurance premiums and contract charges | \$ 478 | \$ 467 | \$ 463 | \$ 453 | \$ 463 |
| Other revenue ⁽¹⁾ | 134 | 141 | 104 | 101 | 101 |
| Net investment income | 23 | 22 | 20 | 21 | 19 |
| Accident, health and other policy benefits | (296) | (286) | (262) | (258) | (265) |
| Amortization of deferred policy acquisition costs | (42) | (36) | (39) | (34) | (41) |
| Operating costs and expenses | (225) | (232) | (197) | (210) | (203) |
| Restructuring and related charges | (1) | (1) | (2) | - | (4) |
| Income tax expense on operations | (15) | (15) | (18) | (16) | (14) |
| Adjusted net income [^] | \$ 56 | \$ 60 | \$ 69 | \$ 57 | \$ 56 |
| Interest credited to contractholder funds | (9) | (8) | (8) | (9) | (8) |
| Benefit ratio [^] | 60.0% | 59.5% | 54.9% | 55.0% | 55.5% |
| Premiums and contract charges | | | | | |
| Employer voluntary benefits [^] | \$ 248 | \$ 248 | \$ 253 | \$ 245 | \$ 255 |
| Group health [^] | 118 | 112 | 111 | 110 | 107 |
| Individual health [^] | 112 | 107 | 99 | 98 | 101 |
| Total | \$ 478 | \$ 467 | \$ 463 | \$ 453 | \$ 463 |

⁽¹⁾ Reflects commission revenue, administrative fees, agency fees and technology fees from the group health and individual health business.

**The Allstate Corporation
Corporate and Other Segment Results**

(\$ in millions)

| | Three months ended | | | | |
|---------------------------------------|--------------------|------------------|-------------------|---------------------|-------------------|
| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
| Other revenue | \$ 20 | \$ 20 | \$ 20 | \$ 23 | \$ 23 |
| Net investment income | 18 | 24 | 23 | 27 | 31 |
| Operating costs and expenses | (42) | (53) | (39) | (45) ⁽¹⁾ | (48) |
| Restructuring and related charges | (1) | (3) | (8) | (1) | (1) |
| Interest expense | (97) | (107) | (68) | (98) | (86) |
| Income tax benefit on operations | 25 | 43 | 18 | 20 | 18 |
| Preferred stock dividends | (29) | (29) | (36) | (37) | (26) |
| Adjusted net loss ^A | \$ (106) | \$ (105) | \$ (110) | \$ (111) | \$ (89) |

⁽¹⁾ Excludes settlement costs for non-recurring litigation that is outside of the ordinary course of business.

The Allstate Corporation
Investment Position and Results

(\$ in millions)

As of or for the three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Investment position | | | | | |
| Fixed income securities, at fair value | \$ 50,777 | \$ 48,865 | \$ 46,771 | \$ 45,550 | \$ 44,103 |
| Equity securities [^] | 2,383 | 2,411 | 2,419 | 2,290 | 2,174 |
| Mortgage loans, net | 815 | 822 | 830 | 823 | 781 |
| Limited partnership interests [^] | 8,562 | 8,380 | 8,363 | 8,150 | 7,971 |
| Short-term, at fair value | 4,318 | 5,144 | 3,368 | 5,137 | 6,722 |
| Other investments, net | 1,004 | 1,055 | 1,608 | 1,716 | 1,724 |
| Total | \$ 67,859 | \$ 66,677 | \$ 63,359 | \$ 63,668 | \$ 63,475 |
| Net investment income | | | | | |
| Fixed income securities | \$ 526 | \$ 492 | \$ 457 | \$ 422 | \$ 390 |
| Equity securities | 15 | 28 | 15 | 21 | 11 |
| Mortgage loans | 9 | 10 | 9 | 8 | 8 |
| Limited partnership interests | 199 | 53 | 190 | 122 | 134 |
| Short-term investments | 67 | 59 | 59 | 69 | 66 |
| Other investments | 21 | 48 | 41 | 39 | 41 |
| Investment income, before expense | 837 | 690 | 771 | 681 | 650 |
| Investment expense | (73) | (86) | (82) | (71) | (75) |
| Net investment income | \$ 764 | \$ 604 | \$ 689 | \$ 610 | \$ 575 |
| Pre-tax yields on fixed income securities [^] | 4.1 % | 4.0 % | 3.7 % | 3.6 % | 3.4 % |
| Net gains (losses) on investments and derivatives, pre-tax by transaction type | | | | | |
| Sales | \$ (111) | \$ (120) | \$ (63) | \$ (130) | \$ (120) |
| Credit losses | (115) | (30) | (20) | (37) | (12) |
| Valuation change of equity investments | 70 | 129 | (34) | 23 | 198 |
| Valuation change and settlements of derivatives | (8) | (56) | 31 | (7) | (52) |
| Total | \$ (164) | \$ (77) | \$ (86) | \$ (151) | \$ 14 |
| Total return on investment portfolio [^] | | | | | |
| Net investment income | 1.1 % | 0.9 % | 1.1 % | 1.0 % | 0.9 % |
| Valuation-interest bearing ⁽¹⁾ | (0.7) | 3.5 | (1.5) | (0.8) | 1.1 |
| Valuation-equity investments | 0.1 | 0.2 | - | - | 0.4 |
| Total | 0.5 % | 4.6 % | (0.4) % | 0.2 % | 2.4 % |
| Fixed income securities portfolio duration [^] (in years) | 4.8 | 4.7 | 4.5 | 4.4 | 4.0 |
| Fixed income securities portfolio duration including interest rate derivative positions (in years) | 4.9 | 4.8 | 4.6 | 4.4 | 4.0 |
| Fixed income and short-term investments duration including interest rate derivative positions (in years) | 4.6 | 4.3 | 4.3 | 3.9 | 3.5 |

⁽¹⁾ Includes (0.2%) impact related to the \$123 million valuation allowance on the surplus notes issued by Adirondack Insurance Exchange and New Jersey Skylands Insurance Association (together "Reciprocal Exchanges").

The Allstate Corporation
Investment Position and Results by Strategy

(\$ in millions)

As of or for the three months ended

| | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 | March 31, 2023 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Investment Position | | | | | |
| Market-based ⁽¹⁾ | | | | | |
| Interest-bearing investments ⁽¹⁾ | \$ 56,035 | \$ 55,025 | \$ 51,661 | \$ 52,191 | \$ 52,337 |
| Equity securities | 1,722 | 1,768 | 1,986 | 1,850 | 1,765 |
| LP and other alternative investments ⁽²⁾ | 158 | 141 | 198 | 201 | 214 |
| Total | \$ 57,915 | \$ 56,934 | \$ 53,845 | \$ 54,242 | \$ 54,316 |
| Performance-based ⁽³⁾ | | | | | |
| Private equity ⁽¹⁾ | \$ 7,891 | \$ 7,752 | \$ 7,551 | \$ 7,381 | \$ 7,168 |
| Real estate | 2,053 | 1,991 | 1,963 | 2,045 | 1,991 |
| Total | \$ 9,944 | \$ 9,743 | \$ 9,514 | \$ 9,426 | \$ 9,159 |
| Investment income | | | | | |
| Market-based | | | | | |
| Interest-bearing investments | \$ 609 | \$ 578 | \$ 546 | \$ 519 | \$ 481 |
| Equity securities | 13 | 25 | 15 | 16 | 14 |
| LP and other alternative investments ⁽²⁾ | 4 | 1 | 6 | 1 | 12 |
| Income for yield calculation | \$ 626 | \$ 604 | \$ 567 | \$ 536 | \$ 507 |
| Pre-tax yield | 4.3 % | 4.2 % | 4.0 % | 3.8 % | 3.6 % |
| Performance-based | | | | | |
| Private equity | \$ 196 | \$ 66 | \$ 131 | \$ 112 | \$ 105 |
| Real estate | 15 | 20 | 71 | 31 | 37 |
| Investment income, before expense | 211 | 86 | 202 | 143 | 142 |
| Investee level expenses | (10) | (26) | (16) | (16) | (16) |
| Income for yield calculation | \$ 201 | \$ 60 | \$ 186 | \$ 127 | \$ 126 |
| Pre-tax yield | 8.2 % | 2.5 % | 7.9 % | 5.5 % | 5.5 % |
| Total return on investment portfolio | | | | | |
| Market-based ⁽³⁾ | 0.3 % | 5.4 % | (0.8) % | 0.1 % | 2.6 % |
| Performance-based | 2.3 | 0.4 | 2.8 | 1.0 | 1.6 |
| Internal rate of return ⁽⁴⁾ | | | | | |
| Performance-based | | | | | |
| 10 year | 11.7 % | 12.0 % | 12.5 % | 12.6 % | 12.7 % |
| 5 year | 12.1 | 12.0 | 12.2 | 12.1 | 12.1 |
| 3 year | 14.3 | 17.3 | 19.3 | 19.6 | 16.0 |
| 1 year | 5.6 | 4.6 | 5.7 | 4.2 | 5.9 |

⁽¹⁾ Includes infrastructure investments of \$1.15 billion as of March 31, 2024.

⁽²⁾ Net of any investee level expenses.

⁽³⁾ Includes (0.2%) impact related to the valuation allowance on the surplus notes issued by the Reciprocal Exchanges.

Definitions of Non-GAAP Measures

We believe that investors' understanding of Allstate's performance is enhanced by our disclosure of the following non-GAAP measures. Our methods for calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Adjusted net income is net income (loss) applicable to common shareholders, excluding:

- Net gains and losses on investments and derivatives
- Pension and other postretirement remeasurement gains and losses
- Amortization or impairment of purchased intangibles
- Gain or loss on disposition
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years
- Related income tax expense or benefit of these items

Net income (loss) applicable to common shareholders is the GAAP measure that is most directly comparable to adjusted net income. We use adjusted net income as an important measure to evaluate our results of operations. We believe that the measure provides investors with a valuable measure of the Company's ongoing performance because it reveals trends in our insurance and financial services business that may be obscured by the net effect of net gains and losses on investments and derivatives, pension and other postretirement remeasurement gains and losses, amortization or impairment of purchased intangibles, gain or loss on disposition and adjustments for other significant non-recurring, infrequent or unusual items and the related tax expense or benefit of these items. Net gains and losses on investments and derivatives, and pension and other postretirement remeasurement gains and losses may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to the insurance underwriting process. Gain or loss on disposition is excluded because it is non-recurring in nature and the amortization or impairment of purchased intangibles is excluded because it relates to the acquisition purchase price and is not indicative of our underlying business results or trends. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, adjusted net income excludes the effect of items that tend to be highly variable from period to period and highlights the results from ongoing operations and the underlying profitability of our business. A byproduct of excluding these items to determine adjusted net income is the transparency and understanding of their significance to net income variability and profitability while recognizing these or similar items may recur in subsequent periods. Adjusted net income is used by management along with the other components of net income (loss) applicable to common shareholders to assess our performance. We use adjusted measures of adjusted net income in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income (loss) applicable to common shareholders, adjusted net income and their components separately and in the aggregate when reviewing and evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize adjusted net income results in their evaluation of our and our industry's financial performance and in their investment decisions, recommendations and communications as it represents a reliable, representative and consistent measurement of the industry and the Company and management's performance. We note that the price to earnings multiple commonly used by insurance investors as a forward-looking valuation technique uses adjusted net income as the denominator. Adjusted net income should not be considered a substitute for net income (loss) applicable to common shareholders and does not reflect the overall profitability of our business. A reconciliation of adjusted net income to net income (loss) applicable to common shareholders is provided in the schedule, "Contribution to Income".

Underlying loss ratio is a non-GAAP ratio, which is computed as the difference between three GAAP operating ratios: the loss ratio, the effect of catastrophes on the combined ratio, and the effect of prior year non-catastrophe reserve reestimates on the combined ratio. We believe that this ratio is useful to investors, and it is used by management to reveal the trends that may be obscured by catastrophe losses and prior year reserve reestimates. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the loss ratio. The underlying loss ratio should not be considered a substitute for the loss ratio and does not reflect the overall loss ratio of our business. A reconciliation of underlying loss ratio is provided in the schedules "Property-Liability Results", "Allstate Protection Profitability Measures", "Auto Profitability Measures" and "Homeowners Profitability Measures".

Underlying expense ratio is a non-GAAP ratio, which is computed as the difference between the expense ratio and the effect of amortization or impairment of purchased intangibles on the expense ratio. We believe that the measure provides investors with a valuable measure of ongoing performance because it reveals trends that may be obscured by the amortization or impairment of purchased intangible assets. Amortization or impairment of purchased intangible assets is excluded because it relates to the acquisition purchase price and is not indicative of our business results or trends. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the expense ratio. The underlying expense ratio should not be considered a substitute for the expense ratio and does not reflect the overall expense ratio of our business. A reconciliation of underlying expense ratio is provided in the schedules "Property-Liability Results", "Allstate Protection Profitability Measures", "Auto Profitability Measures" and "Homeowners Profitability Measures".

Average underlying loss (incurred pure premium) and average underlying loss (incurred pure premium) and expense per policy are calculated as the underlying loss ratio and the underlying combined ratio (non-GAAP ratios), respectively, multiplied by the annualized GAAP earned premium ("annualized average earned premium"). We believe that this measure is useful to investors, and it is used by management for the same reasons noted above for the underlying loss and underlying combined ratios. The components of the calculation are available on the "Auto Profitability Measures and Statistics" page.

Definitions of Non-GAAP Measures (continued)

Adjusted underwriting expense ratio is a non-GAAP ratio, which is computed as the difference between the expense ratio and the effect of advertising expense, restructuring and related charges and amortization or impairment of purchased intangibles on the expense ratio. We believe that the measure provides investors with a valuable measure of ongoing performance because it reveals trends that may be obscured by the advertising expense, restructuring and related charges and amortization or impairment of purchased intangibles. Advertising expense is excluded as it may vary significantly from period to period based on business decisions and competitive position. Restructuring and related charges are excluded because these items are not indicative of our business results or trends. Amortization or impairment of purchased intangible assets is excluded because it relates to the acquisition purchase price. These are not indicative of our business results or trends. A reduction in expenses enables investment flexibility that can drive growth. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the expense ratio. The adjusted underwriting expense ratio should not be considered a substitute for the expense ratio and does not reflect the overall expense ratio of our business.

Adjusted expense ratio is a non-GAAP ratio, which is computed as the combination of the adjusted underwriting expense ratio and claims expense ratio excluding catastrophe expense. We believe it is useful for investors to evaluate this ratio which is linked to a long-term expense ratio improvement commitment through 2024. The most directly comparable GAAP measure is the expense ratio. The adjusted expense ratio should not be considered a substitute for the expense ratio and does not reflect the overall expense ratio of our business.

Underlying combined ratio is a non-GAAP ratio, which is the sum of the underlying loss and underlying expense ratios. We believe that this ratio is useful to investors, and it is used by management to reveal the trends in our Property-Liability business that may be obscured by catastrophe losses, prior year reserve reestimates and amortization or impairment of purchased intangibles. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the combined ratio. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business. A reconciliation of the underlying combined ratio to combined ratio is provided in the schedule, "Property-Liability Results", "Auto Profitability Measures" and "Homeowners Profitability Measures".

Protection Services adjusted earnings before taxes, depreciation and restructuring, is a non-GAAP measure, which is computed as adjusted net income (loss), excluding taxes, depreciation and restructuring. Adjusted net income (loss) is the GAAP measure that is most directly comparable to adjusted earnings before taxes, depreciation and restructuring. We use adjusted earnings before taxes, depreciation and restructuring, as an important measure to evaluate Protection Services' results of operations. We believe that the measure provides investors with a valuable measure of Protection Services' ongoing performance because it reveals trends that may be obscured by the taxes, depreciation and restructuring expenses. Taxes, depreciation and restructuring are excluded because these are not directly attributable to the underlying operating performance of Protection Services' segment. Adjusted earnings before taxes, depreciation and restructuring highlights the results from ongoing operations and the underlying profitability of our business and is used by management along with the other components of adjusted net income (loss) to assess our performance. We believe it is useful for investors to evaluate adjusted net income (loss), adjusted earnings before taxes, depreciation and restructuring, and their components separately and in the aggregate when reviewing and evaluating Protection Services segment's performance. Adjusted earnings before taxes, depreciation and restructuring should not be considered a substitute for adjusted net income (loss) and does not reflect the overall profitability of our business. A reconciliation of adjusted net income (loss) to adjusted earnings before taxes, depreciation and restructuring, is provided in the schedule, "Protection Services Segment Results".

Adjusted net income (loss) return on Allstate common shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net income by the average of Allstate common shareholders' equity at the beginning and at the end of the 12-months, after excluding the effect of unrealized net capital gains and losses. Return on Allstate common shareholders' equity is the most directly comparable GAAP measure. We use adjusted net income as the numerator for the same reasons we use adjusted net income, as discussed previously. We use average Allstate common shareholders' equity excluding the effect of unrealized net capital gains and losses for the denominator as a representation of common shareholders' equity primarily applicable to Allstate's earned and realized business operations because it eliminates the effect of items that are unrealized and vary significantly between periods due to external economic developments such as capital market conditions like changes in equity prices and interest rates, the amount and timing of which are generally not influenced by management. We use it to supplement our evaluation of net income (loss) applicable to common shareholders and return on Allstate common shareholders' equity because it excludes the effect of items that tend to be highly variable from period to period. We believe that this measure is useful to investors and that it provides a valuable tool for investors when considered along with return on Allstate common shareholders' equity because it eliminates the after-tax effects of realized and unrealized net capital gains and losses that can fluctuate significantly from period to period and that are driven by economic developments, the magnitude and timing of which are generally not influenced by management. In addition, it eliminates non-recurring items that are not indicative of our ongoing business or economic trends. A byproduct of excluding the items noted above to determine adjusted net income return on Allstate common shareholders' equity from return on Allstate common shareholders' equity is the transparency and understanding of their significance to return on common shareholders' equity variability and profitability while recognizing these or similar items may recur in subsequent periods. We use adjusted measures of adjusted net income return on Allstate common shareholders' equity in incentive compensation. Therefore, we believe it is useful for investors to have adjusted net income return on Allstate common shareholders' equity and return on Allstate common shareholders' equity when evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize adjusted net income return on common shareholders' equity results in their evaluation of our and our industry's financial performance and in their investment decisions, recommendations and communications as it represents a reliable, representative and consistent measurement of the industry and the company and management's utilization of capital. Adjusted net income return on Allstate common shareholders' equity should not be considered a substitute for return on Allstate common shareholders' equity and does not reflect the overall profitability of our business. A reconciliation of return on Allstate common shareholders' equity and adjusted net income return on Allstate common shareholders' equity can be found in the schedule, "Return on Allstate Common Shareholders' Equity".

Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a ratio that uses a non-GAAP measure. It is calculated by dividing Allstate common shareholders' equity after excluding the impact of unrealized net capital gains and losses on fixed income securities by total common shares outstanding plus dilutive potential common shares outstanding. We use the trend in book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, in conjunction with book value per common share to identify and analyze the change in net worth applicable to management efforts between periods. We believe the non-GAAP ratio is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management, and we believe it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers. We note that book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a measure commonly used by insurance investors as a valuation technique. Book value per common share is the most directly comparable GAAP measure. Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, should not be considered a substitute for book value per common share, and does not reflect the recorded net worth of our business. A reconciliation of book value per common share, excluding the impact of unrealized net capital gains on fixed income securities, and book value per common share can be found in the schedule, "Book Value per Common Share and Debt to Capital".

Glossary

Consolidated Operations

Accident and health insurance premiums and contract charges are reported in the Allstate Health and Benefits segment and include employer voluntary benefits, group health and individual health products.

Adjusted net income is the GAAP segment measure used for the Protection Services, Allstate Health and Benefits, and Corporate and Other segments.

Average Allstate common shareholders' equity and average adjusted Allstate common shareholders' equity are determined using a two-point average, with the beginning and ending Allstate common shareholders' equity and Allstate adjusted common shareholders' equity, respectively, for the twelve-month period as data points.

Other revenue primarily represents fees collected from policyholders relating to premium installment payments, commissions on sales of non-proprietary products, sales of identity protection services, fee-based services and other revenue transactions.

Property and casualty insurance premiums are reported in the Allstate Protection and Protection Services segments and include auto, homeowners, other personal lines, commercial lines and other business lines insurance products, as well as consumer product protection plans, roadside assistance and finance and insurance products.

Property-Liability

Annualized average earned premium is calculated by annualizing net earned premium reported in the quarter and year-to-date divided by policies in force at quarter end.

Average premium - gross written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and coded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refunds accruals. Average premiums represent the appropriate policy term for each line, which is generally 6 months for auto and 12 months for homeowners.

Claims expense ratio excluding catastrophe expense: Incurred loss adjustment expenses, net of reinsurance, excluding expenses related to catastrophes. These expenses are embedded within the loss ratio.

Expense ratio: Other revenue is deducted from other costs and expenses in the expense ratio calculation.

New issued applications: Item counts of automobile insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate Protection brand.

Other business lines primarily represent commissions earned and other costs and expenses for liability, non-proprietary life and annuity products, and lender-placed products and related services.

Renewal ratio: Renewal policy item counts issued during the period, based on contract effective dates, divided by the total policy item counts issued generally 6 months prior for auto or 12 months prior for homeowners.

Protection Services

Other costs and expenses may include amortization of deferred policy acquisition costs, operating costs and expenses, and restructuring and related charges.

Revenue may include net premiums earned, intersegment insurance premiums and service fees, other revenue, revenue earned from external customers and net investment income.

Allstate Health and Benefits

Benefit ratio is accident, health and other policy benefits less interest credited to contractholder funds, divided by premiums and contract charges.

Employer voluntary benefits includes supplemental life and health products offered through workplace enrollment.

Group health includes health products and administrative services sold to employers.

Individual health includes short-term medical and other health products sold directly to individuals.

Investments

Duration measures the price sensitivity of assets and liabilities to changes in interest rates.

Equity securities include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

Interest-bearing investments comprise fixed income securities, mortgage loans, short-term investments, and other investments including bank loans and derivatives.

Internal rate of return is one of the measures we use to evaluate the performance of these investments. The IRR represents the rate of return on the investments considering the cash flows paid and received and, until the investment is fully liquidated, the estimated value of investment holdings at the end of the measurement period. The calculated IRR for any measurement period is highly influenced by the values of the portfolio at the beginning and end of the period, which reflect the estimated fair values of the investments as of such dates. As a result, the IRR can vary significantly for different measurement periods based on macroeconomic or other events that impact the estimated beginning or ending portfolio value, such as the global financial crisis. Our IRR calculation method may differ from those used by other investors. The timing of the recognition of income in the financial statements may differ significantly from the cash distributions and changes in the value of these investments.

Limited partnership interests: Income from equity method of accounting LP is generally recognized on a three-month delay due to the availability of the investee financial statements.

LP and other investments comprise limited partnership interests and other alternative investments, including real estate investments classified as other investments. Market-based investments include publicly traded equity securities classified as limited partnerships.

Market-based strategy seeks to deliver predictable earnings aligned to business needs and take advantage of short-term opportunities primarily through public and private fixed income investments and public equity securities.

Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity, including infrastructure investments, and real estate, most of which were limited partnerships.

Pre-tax yields: Quarterly pre-tax yield is calculated as annualized quarterly investment income, before investment expense divided by the average of the ending investment balances of the current and prior quarter. Year-to-date pre-tax yield is calculated as annualized year-to-date investment income, before investment expense divided by the average of investment balances at the beginning of the year and the end of each quarter during the year. For the purposes of the pre-tax yield calculation, income for directly held real estate and other investments is net of investee level expenses (asset level operating expenses reported in investment expense). Fixed income securities investment balances exclude unrealized capital gains and losses. Equity securities investment balances use cost in the calculation.

Total return on investment portfolio is calculated from GAAP results, including the total of net investment income, net gains and losses on investments and derivative instruments, the change in unrealized net capital gains and losses, and the change in the difference between fair value and carrying value of mortgage and bank loans divided by the average fair value balances.

